UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2002

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	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification Number
0-33207	GREAT PLAINS ENERGY INCORPORATED (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.greatplainsenergy.com	43-1916803
1-707	KANSAS CITY POWER & LIGHT COMPANY (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.kcpl.com	44-0308720

Each of the following classes or series of securities registered pursuant to Section 12(b) of the Act is registered on the New York Stock Exchange:

Registrant	Title of each class	
Great Plains Energy Incorporated	Cumulative Preferred Stock par value $100 per share	3.80%
	Cumulative Preferred Stock par value $100 per share	4.50%
	Cumulative Preferred Stock par value $100 per share	4.35%
	Common Stock without par value	

Securities registered pursuant to Section 12(g) of the Act. None.

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. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K.___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-3 of the Act.)
Great Plains Energy Incorporated Yes X No ___
Kansas City Power and Light Company Yes___ No X

The aggregate market value of the voting and non-voting common equity held by non-affiliates of Great Plains Energy Incorporated (based on the closing price of its common stock on the New York Stock Exchange on June 28, 2002, was approximately $1,259,842,574. All of the common equity of Kansas City Power and Light Company is held by Great Plains Energy Incorporated, an affiliate of Kansas City Power & Light Company.

On February 26, 2003, Great Plains Energy Incorporated had 69,189,049 shares of common stock outstanding. The aggregate market value of the common stock held by nonaffiliates of Great Plains Energy Incorporated (based upon the closing price of its common stock on the New York Stock Exchange on February 26, 2003) was approximately $1,542,915,793. On February 26, 2003, Kansas City Power & Light Company had one share of common stock outstanding and held by Great Plains Energy Incorporated.

Documents Incorporated by Reference
Portions of the 2003 Proxy Statement of Great Plains Energy Incorporated to be filed with the Securities and Exchange Commission are incorporated by reference in Part III of this report.

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

This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter.

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. 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
- market perception of the energy industry and the Company
- changes in business strategy, operations or development plans
- state and federal legislative and regulatory actions or developments, including deregulation, re-regulation and restructuring of the electric utility industry and constraints placed on the Company's actions by the 35 Act
- adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air quality
- financial market conditions including, but not limited to, changes in interest rates
- ability to maintain current credit ratings
- availability and cost of capital
- 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 and availability of fuel
- ability to achieve generation planning goals and the occurrence of unplanned generation outages
- delays in the anticipated in-service dates of additional generating capacity
- nuclear operations
- ability to enter new markets successfully and capitalize on growth opportunities in non-regulated businesses
- performance of projects undertaken by our non-regulated businesses and the success of efforts to invest in and develop new opportunities, and
- other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors.

GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
35 Act	Public Utility Holding Company Act of 1935
ABO	Accumulated Benefit Obligation
APB	Accounting Principles Board
ARB	Accounting Research Bulletin
Bracknell	Bracknell Corporation
CO2	Carbon Dioxide
COLI	Corporate Owned Life Insurance
CellNet	CellNet Data Systems Inc.
Clean Air Act	Clean Air Act Amendments of 1990
Compact	Central Interstate Low-Level Radioactive Waste Compact
Consolidated KCP&L	KCP&L and its subsidiary HSS
DIP Loan	Debtor-in-Possession Financing
DOE	Department of Energy
DTI	DTI Holdings, Inc. and its subsidiaries Digital Teleport, Inc. and Digital Teleport of Virginia, Inc.
Digital Teleport	Digital Teleport, Inc.
EIRR	Environmental Improvement Revenue Refunding
ELC	Environmental Lighting Concepts, Inc.
EPA	Environmental Protection Agency
EPS	Earnings per share
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GPP	Great Plains Power Incorporated, a wholly-owned subsidiary of Great Plains Energy
Great Plains Energy	Great Plains Energy Incorporated
HSS	Home Service Solutions Inc., a wholly-owned subsidiary of KCP&L
Holdings	DTI Holdings, Inc.
IBEW	International Brotherhood of Electrical Workers
IEC	Innovative Energy Consultants Inc., a wholly-owned subsidiary of Great Plains Energy
IRS	Internal Revenue Service
KCC	The State Corporation Commission of the State of Kansas
KCP&L	Kansas City Power & Light Company, a wholly-owned subsidiary of Great Plains Energy
KLT Gas	KLT Gas Inc., a wholly-owned subsidiary of KLT Inc.
KLT Energy Services	KLT Energy Services Inc., a wholly-owned subsidiary of KLT Inc.
KLT Inc.	KLT Inc., a wholly-owned subsidiary of Great Plains Energy
KLT Investments	KLT Investments Inc., a wholly-owned subsidiary of KLT Inc.
KLT Telecom	KLT Telecom Inc., a wholly-owned subsidiary of KLT Inc.
MAC	Material Adverse Change
MACT	Maximum Achievable Control Technology
MISO	Midwest Independent System Operator
MmBtu	Million British Thermal Units

MPSC	Missouri Public Service Commission
MW	Megawatt
MWh	Megawatt hour
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Council
NOx	Nitrogen Oxide
NRC	Nuclear Regulatory Commission
OCI	Other Comprehensive Income
RSAE	R.S. Andrews Enterprises, Inc., a subsidiary of HSS
RTO	Regional Transmission Organization
Reardon	Reardon Capital, L.L.C.
Receivables Company	Kansas City Power & Light Receivables Company
SEC	Securities and Exchange Commission
SPP	Southwest Power Pool, Inc.
SFAS	Statement of Financial Accounting Standards
Strategic Energy	Strategic Energy, L.L.C, a subsidiary of KLT Energy Services
WCNOC	Wolf Creek Nuclear Operating Corporation
Wolf Creek	Wolf Creek Nuclear Operating Station
Worry Free	Worry Free, a wholly-owned subsidiary of HSS

PART I

ITEM 1. BUSINESS

General
Great Plains Energy Incorporated and Kansas City Power & Light Company are separate registrants in this combined annual report. The terms "Great Plains Energy", "Company", "KCP&L" and "consolidated KCP&L" are used throughout this report. "Great Plains Energy" and the "Company" refer to Great Plains Energy Incorporated and its consolidated subsidiaries, unless otherwise indicated. "KCP&L" refers to Kansas City Power & Light Company, and "consolidated KCP&L" refers to KCP&L and its consolidated subsidiaries.

Great Plains Energy
Great Plains Energy, a Missouri corporation incorporated in 2001, is a public utility holding company registered with and subject to the regulation of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (35 Act). Through a corporate restructuring consummated on October 1, 2001, Great Plains Energy became the parent company and sole owner of the common stock of KCP&L. This restructuring was implemented through an agreement and plan of merger whereby KCP&L merged with a wholly-owned subsidiary of Great Plains Energy, with KCP&L continuing as the surviving company and wholly-owned subsidiary of Great Plains Energy. Each outstanding share of KCP&L stock was exchanged for a share of Great Plains Energy stock. As a result, Great Plains Energy replaced KCP&L as the listed entity on the New York Stock Exchange, with the trading symbol GXP. In connection with the reorganization, KCP&L transferred to Great Plains Energy its interest in two wholly-owned subsidiaries, KLT Inc. and Great Plains Power Incorporated (GPP).

Great Plains Energy does not own or operate any significant assets other than the stock of its subsidiaries. Great Plains Energy's primary direct subsidiaries are KCP&L and KLT Inc. KCP&L is described below. KLT Inc. is an investment company that primarily holds, directly or indirectly, interests in Strategic Energy, L.L.C. (Strategic Energy), KLT Gas Inc. (KLT Gas), DTI Holdings, Inc. (Holdings) and affordable housing limited partnerships. Strategic Energy provides power supply coordination services in several electricity markets offering retail choice. KLT Gas explores for, develops and produces unconventional natural gas resources, including coalbed methane properties. Holdings, through its subsidiaries, provides telecommunications access and connectivity to secondary and tertiary markets. Holdings and its subsidiaries are currently in bankruptcy: for further information see Item 3.

Consolidated Kansas City Power & Light Company
KCP&L, a Missouri corporation incorporated in 1922, is an integrated electric utility company serving retail customers in the states of Missouri and Kansas. KCP&L has one wholly-owned subsidiary, Home Service Solutions Inc. (HSS). HSS provides energy-related services to residential and commercial customers through its subsidiaries.

Recent Developments
In November 2002, Great Plains Energy increased it ownership interest in Strategic Energy from 83% to 89% for $15.1 million in stock and notes. See Note 9 to the consolidated financial statements.

In December 2001, Holdings and its two subsidiaries filed voluntary petitions for reorganization under the bankruptcy code. See Note 19 to the consolidated financial statements for additional discussion of these bankruptcy proceedings.

Business Segments of Great Plains Energy and KCP&L
Consolidated KCP&L's sole reportable business segment is KCP&L. Great Plains Energy, through its direct and indirect subsidiaries, has three reportable business segments: KCP&L, Strategic Energy and KLT Gas.

For information regarding the revenues, income and assets attributable to the Company's reportable business segments, see Note 13 to the consolidated financial statements, which is incorporated by reference. Comparative financial information and discussion regarding the Company's and KCP&L's reportable business segments can be found in Management's Discussion and Analysis starting on page 24.

Regulation - General
Great Plains Energy and its subsidiaries are subject to SEC regulations, including the 35 Act, on matters such as the structure of utility systems, transactions among affiliates, acquisitions, business combinations, the issuance and sale of securities, and engaging in business activities not directly related to the utility or energy business. Consistent with the requirements under the 35 Act, Great Plains Energy plans to form a service company in early 2003. Unless specifically exempted, the Company is required to submit reports providing detailed information concerning the organization, financial structure, and operations of Great Plains Energy and its subsidiaries. Several proposals regarding the 35 Act have been introduced in Congress in the past few years; however, the prospects for legislative reform or repeal are highly uncertain at this time.

Other regulatory matters affecting KCP&L, Strategic Energy and KLT Gas are described later in this Item 1 in the discussion on each of these reportable business segments.

Capital Program and Financing
For information on the Company's and KCP&L's capital program and financial needs, see Management's Discussion and Analysis, Capital Requirements and Liquidity section on page 46 and Notes 14 and 15 to the consolidated financial statements.

KCP&L
KCP&L, headquartered in downtown Kansas City, Missouri, engages in the generation, transmission, distribution and sale of electricity. KCP&L has approximately 485,000 customers located in all or portions of 24 counties in western Missouri and eastern Kansas. Customers included over 425,000 residences, almost 55,000 commercial firms, and almost 2,500 industrials, municipalities and other electric utilities. KCP&L's retail revenues averaged 91% of its total operating revenues over the last three years. Wholesale firm power, bulk power sales and miscellaneous electric revenues accounted for the remainder of utility revenues. KCP&L is significantly impacted by seasonality with approximately one-third of its revenues recorded in the third quarter. KCP&L's total electric revenues accounted for approximately 54%, 66% and 85% of Great Plains Energy's consolidated revenues in 2002, 2001 and 2000, respectively.

Regulation
KCP&L is regulated by the Missouri Public Service Commission (MPSC) and The State Corporation Commission of the State of Kansas (KCC) with respect to retail rates, accounting matters, standards of service and, in certain cases, the issuance of securities, certification of facilities and service territories. KCP&L is classified as a public utility under the Federal Power Act, and accordingly is subject to regulation by the Federal Energy Regulatory Commission (FERC). By virtue of its 47% ownership interest in Wolf Creek Nuclear Operating Station (Wolf Creek), KCP&L is subject to regulation not common to fossil generating units. Operation of nuclear plants is intensively regulated by the Nuclear Regulatory Commission (NRC), which has broad power to impose licensing and safety-related

requirements. KCP&L is also subject to the jurisdiction of the SEC under the 35 Act, as described above.

At the end of January 2002, a severe ice storm occurred throughout large portions of the Midwest, including the greater Kansas City metropolitan area. In August 2002, the MPSC approved KCP&L's application for an accounting authority order related to the Missouri jurisdictional portion of the storm costs. The order allowed KCP&L to defer and amortize $20.1 million, representing the Missouri impact of the storm, through January 2007. In October 2002, the Staff of the MPSC concluded a review of the Missouri jurisdictional earnings for KCP&L and determined that the current rate levels did not warrant further action. Missouri jurisdictional retail revenues averaged 58% of KCP&L's total retail revenue over the last three years.

In the second quarter of 2002, the KCC approved the stipulation and agreement that KCP&L had reached with the Commission staff and the Citizens Utility Ratepayers Board with regard to treatment of the Kansas portion of the ice storm costs. Under the stipulation and agreement, KCP&L received a rate moratorium until 2006 in exchange for KCP&L's agreement to not seek recovery of the $16.5 million expense for the Kansas jurisdictional portion of the storm costs and to reduce rates by $12 - $13 million in 2003. Additionally, KCP&L agreed to determine depreciation expense of Wolf Creek using a 60 year life instead of a 40 year life effective January 2003, which results in a reduction of expense by approximately $8 million in 2003. KCP&L also agreed to file a rate case by May 15, 2006. In December 2002, the KCC approved tariffs implementing the stipulation and agreement, which resulted in a reduction of $12.4 million in annual Kansas retail revenues, effective January 1, 2003. Kansas jurisdictional retail revenues averaged 42% of KCP&L's total retail revenue over the last three years.

Under the FERC Order 2000, "Regional Transmission Organizations" (FERC Order 2000), KCP&L, as an investor-owned utility, is strongly encouraged to join a FERC approved Regional Transmission Organization (RTO). RTOs combine regional transmission operations of utility businesses into a regional organization that schedules transmission services and monitors the energy market to ensure regional transmission reliability and non-discriminatory access. During the first quarter of 2002, the Southwest Power Pool (SPP) and the Midwest Independent System Operator (MISO) voted to consolidate the two organizations to create a larger Midwestern RTO, a non-profit organization that will operate in twenty states and one Canadian province. KCP&L is a member of the SPP. The consolidation is expected to be completed during the second quarter of 2003 and has received FERC approval. The FERC has already approved an RTO proposal submitted by the MISO. Additionally, regulatory approvals would have to be received from the MPSC and the KCC prior to KCP&L's participation in an RTO. During 2003, KCP&L expects to make filings with the MPSC and KCC seeking permission to participate in the RTO resulting from the merger of SPP and MISO. During February 2003, KCP&L submitted to MISO a conditional application to joining the RTO resulting from the merger of SPP and MISO.

During the third quarter of 2002, the FERC issued a Notice of Proposed Rulemaking to Remedy Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design. The proposed rulemaking is designed to establish a single non-discriminatory open access transmission tariff with a single transmission service that is applicable to all users of the interstate transmission grid. All public utilities that own, control or operate interstate transmission facilities would be required to become independent transmission providers, turn over the operation of their transmission facilities to an RTO that meets the definition of an independent transmission provider or contract with an entity that meets the definition of an independent transmission provider. KCP&L filed comments with the FERC on the proposed rulemaking in November 2002. The FERC has recently announced that it will issue a white paper on Standard Electricity Market Design in April 2003 and accept comments on that paper before issuing a final rule, which is now expected in the third or fourth quarter of 2003. KCP&L believes its participation in the RTO resulting from the merger of SPP and MISO would fulfill the majority of the requirements of this proposed rulemaking.

Competition

For years the electric industry was relatively stable, characterized by vertically integrated electric companies. During recent years however, federal and state developments aimed at promoting competition resulted in much industry restructuring. The industry is moving from a fully regulated industry, comprised of integrated companies that combine generation, transmission and distribution, to an industry comprised of competitive wholesale generation markets with continuing regulation of transmission and distribution. However, the pace of restructuring has slowed significantly due primarily to public and governmental reactions to issues associated with deregulation efforts in California and the collapse of its wholesale electric energy market.

At the federal level, the FERC remains committed to the development of wholesale generation markets. Although its proposal for the development of RTOs to facilitate markets has been delayed, it has undertaken an initiative to standardize wholesale markets in the United States. At the state level, concerns raised by the California experiences have stalled new retail competition initiatives and slowed the separation of generation from regulated transmission and distribution assets. As changes in the retail and wholesale markets have occurred, regulators and legislators in different jurisdictions have not coordinated these changes. In some cases, actions by one jurisdiction may conflict with actions by another, creating potentially incompatible obligations for public utilities. Management believes the transition to competition will continue, although at a slower pace, particularly at the state level. To date, Missouri and Kansas have not proposed legislation authorizing retail choice.

Management believes it is too early to predict what the ultimate timing or effects of changes in the energy industry will be, or how potentially incompatible regulatory obligations will be resolved. Restructuring issues are complex and are continually affected by events at the federal and state levels. However, these changes may result in fundamental alterations in the way traditional integrated utilities like KCP&L conduct business. Management also believes that competition for electric generation services has created new risks and uncertainties in the industry. The uncertainties include future prices of generation service in the wholesale and retail markets, supply and demand volatility, and changes in customer profiles that may impact margins on various electric service offerings. These uncertainties create additional risk for participants in the industry, including KCP&L, and may result in increased volatility in operating results.

If Missouri or Kansas were to pass legislation authorizing retail choice, KCP&L may no longer be able to apply regulated utility accounting principles to some, or all, of its operations and may be required to write off certain regulatory assets and liabilities. See Note 4 to the consolidated financial statements for additional information regarding regulatory assets and liabilities.

Power Supply

KCP&L is a member of the SPP reliability region. As one of the ten regional members of North American Electric Reliability Council (NERC), SPP is responsible for maintaining reliability in its area through coordination of planning and operations. As a member of the SPP, KCP&L must maintain a capacity margin of at least 12% of its projected peak summer demand. This net positive supply of capacity and energy is maintained through its generation assets and capacity and power purchase agreements. The capacity margin insures the reliability of electric energy in the SPP region in the event of operational failure of power generating units utilized by the members of the SPP.

KCP&L's maximum system net hourly summer peak load of 3,374 megawatts (MW) occurred on August 28, 2000. The maximum winter peak load of 2,382 MW occurred on December 18, 2000.

During 2002, the winter peak load was 2,105 MW and the summer peak load was 3,335 MW. The projected peak summer demand for 2003 is 3,447 MW.

KCP&L's generation assets account for 97% of its 4,167 MW of projected 2003 capacity. The remainder of KCP&L's capacity requirements will be met by capacity purchases net of capacity sales. Additionally, KCP&L has adequate generation assets to provide service through 2004 and is currently evaluating various purchase and construction options to meet capacity and energy requirements through 2010.

The majority of KCP&L's rates do not contain an automatic fuel adjustment clause to recover or pass through fuel costs to customers without the delay required by a rate case. Consequently, to the extent the price of coal, coal transportation, nuclear fuel, nuclear fuel processing or purchased power increased significantly after the expiration of the contracts described in this section, KCP&L's earnings may be adversely affected until the increases could be reflected in rates, which could be an extended period of time.

The principal sources of fuel for KCP&L's electric generation are coal and nuclear fuel. KCP&L expects to satisfy about 98% of its 2003 fuel requirements from these sources with the remainder provided by natural gas and oil. The actual 2002 and estimated 2003 fuel mix and delivered cost per megawatt hour (MWh) generated are as follows:

	Fuel Mix		Fuel cost (cents) per net MWh generated	
Fuel	Estimated 2003	Actual 2002	Estimated 2003	Actual 2002
Coal	75 %	75 %	0.92	0.92
Nuclear	23	23	0.41	0.42
Other	2	2	4.85	3.48
Total Generation	100 %	100 %	0.89	0.86

During 2003, KCP&L's generating units, including jointly-owned units, are projected to burn approximately 11.7 million tons of coal. KCP&L has entered into coal-purchase contracts with various suppliers in Wyoming's Powder River Basin, the nation's principal supplier of low-sulfur coal. These contracts, with expiration dates ranging from 2003 through 2005, will satisfy approximately 95% of the projected coal requirements for 2003 and 55% for 2004 and 2005. The remainder of KCP&L's coal requirements will be fulfilled through additional contracts or spot market purchases. KCP&L has also entered into rail transportation contracts with various railroads for moving coal from Powder River Basin to its generating units. These contracts, with expiration dates ranging from 2005 through 2020, will provide transportation services for all of the coal KCP&L transports from Powder River Basin to its generating units.

KCP&L owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek, its only nuclear generating unit. Wolf Creek purchases uranium and has it processed for use as fuel in its reactor. In the first step, uranium concentrates are chemically converted to uranium hexafluoride, which is suitable for enrichment. During enrichment, the fissionable isotope of uranium contained in uranium hexafluoride is concentrated by removing a large part of the non-fissionable isotope resulting in enriched uranium hexafluoride suitable for further processing into nuclear fuel pellets. Finally, the enriched uranium hexafluoride is further processed into ceramic pellets, which are then encased in metal tubes and arranged into fuel assemblies in the fabrication process.

The owners of Wolf Creek have on hand or under contract 100% of their uranium and conversion needs for 2003 and 78% of the uranium and conversion needed for operation of Wolf Creek through

March 2008. The balance is expected to be obtained through the spot market and contract purchases. The owners also have under contract 100% of Wolf Creek's uranium enrichment needs for 2003 and 80% of the uranium enrichment required to operate Wolf Creek through March 2008. The balance of Wolf Creek's enrichment needs are expected to be obtained through spot market and contract purchases. Fabrication requirements are under contract through 2024.

Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. KCP&L pays the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation delivered and sold for the future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense. In 2002, the U.S. Senate approved Yucca Mountain, Nevada as a long-term geologic repository. The DOE is currently in the process of preparing an application to obtain the NRC license to proceed with construction of the repository. Management cannot predict when this site may be available. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel first from the owners with the oldest spent fuel. Wolf Creek has completed an on-site storage facility that is designed to hold all spent fuel generated at the plant through the end of its 40-year licensed life in 2025.

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated the development of low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact (Compact) and selected a site in northern Nebraska to locate a disposal facility. Nebraska officials opposed the facility and Nebraska has given notice of its withdrawal from the Compact. Currently, the low-level waste from Wolf Creek is being processed and disposed of in other federally-approved sites. See Note 10 to the consolidated financial statements for additional information regarding low-level waste.

At times, KCP&L purchases power to meet the requirements of its customers. Management believes KCP&L will be able to obtain enough power to meet its future demands due to the coordination of planning and operations in the SPP region; however, price and availability of power purchases may be significantly impacted during periods of excess demand. KCP&L purchased power, as a percent of MWh requirements, totaled 5%, 6%, and 11%, in 2002, 2001 and 2000, respectively.

Environmental Matters

KCP&L's operations are subject to regulation by federal, state and local authorities with regard to air and other environmental matters. The generation and transmission 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 KCP&L.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. Governmental bodies, however, may impose additional or more restrictive environmental regulations that could require substantial changes to operations or facilities at a significant cost. Expenditures to comply with environmental laws and regulations have not been material in amount during the periods presented and are not expected to be material in the upcoming years with the exception of the issues discussed below.

Certain Air Toxic Substances

In July 2000, the National Research Council published its findings of a study under the Clean Air Act Amendments of 1990 (Clean Air Act) which stated that power plants that burn fossil fuels, particularly coal, generate the greatest amount of mercury emissions. As a result, in December 2000, the

Environmental Protection Agency (EPA) announced it would propose Maximum Achievable Control Technology (MACT) requirements by December 2003 to reduce mercury emissions and issue final rules by December 2004. Until the rules are proposed, KCP&L cannot predict the likelihood or compliance costs of such regulations.

Air Particulate Matter

In July 1997, the EPA revised ozone and particulate matter air quality standards creating a new eight-hour ozone standard and establishing a new standard for particulate matter less than 2.5 microns (PM-2.5) in diameter. These standards were challenged in the U. S. Court of Appeals for the District of Columbia (Appeals Court) that decided against the EPA. Upon further appeal, the U. S. Supreme Court reviewed the standards and remanded the case back to the Appeals Court for further review, including a review of whether the standards were arbitrary and capricious. On March 26, 2002, the Appeals Court issued its decision on challenges to the 8-hour ozone and PM-2.5 national ambient air quality standards (NAAQS). This decision denies all state, industry and environmental groups petitions for review and thus upheld as valid the EPA's new 8-hour ozone and PM-2.5 NAAQS. In so doing, the court held that the EPA acted consistently with the Clean Air Act in setting the standards at the levels it chose and the EPA's actions were reasonable and not arbitrary and capricious, and cited the deference given the EPA's decision-making authority. The court stated that the extensive records established for each rule supported the EPA's actions in both rulemakings.

This decision by the Appeals Court removed the last major hurdle to the EPA's implementation of stricter ambient air quality standards for ozone and fine particles. The EPA has not yet issued regulations incorporating the new standards. Until new regulations are issued, KCP&L is unable to estimate the impact of the new standards. However, the impact on KCP&L and all other utilities that use fossil fuels could be substantial. In addition, the EPA is conducting a three-year study of fine particulate ambient air levels. Until this testing and review period has been completed, KCP&L cannot determine additional compliance costs, if any, associated with the new particulate regulations.

Nitrogen Oxide

The EPA announced in 1998 regulations implementing reductions in Nitrogen Oxide (NOx) emissions. These regulations initially called for 22 states, including Missouri, to submit plans for controlling NOx emissions. The regulations require a significant reduction in NOx emissions from 1990 levels at KCP&L's Missouri coal-fired plants by the year 2003.

In December 1998, KCP&L and several other western Missouri utilities filed suit against the EPA over the inclusion of western Missouri in the NOx reduction program based on the 1-hour NOx standard. On March 3, 2000, a three-judge panel of the District of Columbia Circuit of the U.S. Court of Appeals sent the NOx rules related to Missouri back to the EPA, stating the EPA failed to prove that fossil plants in the western part of Missouri significantly contribute to ozone formation in downwind states. On March 5, 2001, the U.S. Supreme Court denied certiorari, making the decision of the Court of Appeals final.

In February 2002, the EPA issued proposed Phase II NOx SIP Call regulation which specifically excludes the fossil plants in the western part of Missouri from the NOx SIP Call. To date, the EPA has not issued its final Phase II NOx SIP Call regulation. If fossil plants in western Missouri are required to implement NOx reductions, KCP&L would need to incur significant capital costs, purchase power or purchase NOx emission allowances. Preliminary analysis of the regulations indicates that selective catalytic reduction technology, as well as other changes, may be required for some of the KCP&L units. Currently, KCP&L estimates that additional capital expenditures to comply with these regulations could range from $40 million to $60 million. Operations and maintenance expenses could also increase by more than $2.5 million per year. KCP&L continues to refine these preliminary estimates and explore alternatives. The ultimate cost of these regulations, if any, could be significantly different from the amounts estimated above.

Carbon Dioxide
At a December 1997 meeting in Kyoto, Japan, delegates from 167 nations, including the United States, agreed to a treaty (Kyoto Protocol) that would require a seven percent reduction in United States carbon dioxide (CO_2) emissions below 1990 levels. Although the United States agreed to the Kyoto Protocol, the treaty has not been sent to Congress for ratification. The financial impact on KCP&L of future requirements in the reduction of CO_2 emissions cannot be determined until specific regulations are adopted.

Clean Air Legislation
Congress has debated numerous bills that would make significant changes to the current federal Clean Air Act including potential establishment of nationwide limits on power plant emissions for several specific pollutants. These bills have the potential for a significant financial impact on KCP&L through the installation of new pollution control equipment to achieve compliance with the new nationwide limits. The financial consequences to KCP&L cannot be determined until the final legislation is passed. KCP&L will continue to monitor the progress of these bills.

Proposed Water Use Regulations
In February 2002, the EPA issued proposed rules related to certain existing power producing facilities that employ cooling water intake structures that withdraw 50 million gallons or more per day and use 25% or more of that water for cooling purposes. The proposed rules establish national minimum performance requirements designed to minimize adverse environmental impact. The EPA must take final action by August 2003. KCP&L will continue to monitor the progress of this rulemaking. The impact of these proposed rules has not yet been quantified, however, KCP&L's generating stations would be affected.

Strategic Energy
Strategic Energy, an 89% indirect subsidiary of Great Plains Energy, provides power supply coordination services by entering into long-term contracts with its customers to supply electricity that Strategic Energy purchases under long-term contracts to manage its customers electricity needs. In return, Strategic Energy receives an ongoing management fee, which is included in the contracted sales price for the electricity. Strategic Energy operates in several electricity markets offering retail choice, including Pennsylvania, California, Ohio, New York, Massachusetts and Texas. Strategic Energy is targeting expansion into two additional states in 2003, which would expand its operations into eight of the sixteen states that offer retail choice. Strategic Energy also provides strategic planning and consulting services in the natural gas and electricity markets. Strategic Energy's total revenues accounted for approximately 42%, 28% and 12% of Great Plains Energy's consolidated revenues in 2002, 2001 and 2000, respectively.

At December 31, 2002, Strategic Energy provided power supply coordination services on behalf of approximately 33,100 commercial, institutional and small manufacturing accounts. Strategic Energy's customer base is very diverse. Strategic Energy served over 5,200 customers, including numerous Fortune 500 companies, smaller companies, and governmental entities. Based solely on current signed contracts and expected usage, Strategic Energy anticipates future MWh sales of 14.0 million, 8.2 million, 5.3 million, and 1.2 million for the years 2003 through 2006, respectively. Strategic Energy expects to also supply additional MWh sales in these years through growth in existing markets by re-signing existing customers and signing new customers as well as through expansion into new markets.

Power Supply
To supply its retail contracts, Strategic Energy purchases long-term blocks of electricity under forward contracts in fixed quantities at fixed prices from power suppliers based on projected usage. Strategic Energy does not own any generation, transmission or distribution facilities. Strategic Energy sells any

excess retail supply of electricity back into the wholesale market. The proceeds from the sale of excess supply of electricity are recorded as a reduction of purchased power.

In the normal course of business, Great Plains Energy and KLT Inc. enter into various agreements providing financial or performance assurance to third parties on behalf of Strategic Energy. 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 Strategic Energy on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish Strategic Energy's intended business purposes.

Strategic Energy enters into forward contracts with multiple suppliers. At December 31, 2002, Strategic Energy's five largest suppliers under forward supply contracts represented 69% of the total future committed purchases. In the event of supplier non-delivery or default, Strategic Energy's results of operations could be affected to the extent that 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 market risk with the supplier. Strategic Energy's results of operations could also be affected, in a given period, if it was required to make a payment upon termination of a supplier contract to the extent that the contracted price with the supplier exceeded the market value of the contract. Strategic Energy monitors its counterparty credit risk by evaluating the credit quality and performance of its suppliers on a routine basis and by, among other things, adjusting the amount of collateral required from its suppliers, as part of its risk management policy and practices.

Regulation

Strategic Energy, as a participant in the wholesale electricity and transmission markets, is subject to FERC jurisdiction. Additionally, Strategic Energy is subject to regulation by state regulatory agencies in states where Strategic Energy has retail customers. Each state has a public utilities commission that publishes rules related to retail choice. Each state's rules are distinct and may conflict. These rules do not restrict the amount Strategic Energy can charge for its services, but can have an impact on Strategic Energy's ability to profitably serve in any jurisdiction.

During the third quarter of 2002, the FERC issued a Notice of Proposed Rulemaking to Remedy Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design. The proposed rulemaking is designed to establish a single non-discriminatory open access transmission tariff with a single transmission service that is applicable to all users of the interstate transmission grid. Strategic Energy has evaluated the impact of the proposed rulemaking on its operations and provided comments to the FERC that are generally supportive of the provisions of the proposal, but suggested some changes to the proposed rule. The FERC has recently announced that it will issue a white paper on Standard Electricity Market Design in April 2003 and accept comments on that paper before issuing a final rule, which is now expected in the third or fourth quarter of 2003.

Competition

Strategic Energy currently provides retail electricity services in six states where electricity retail choice has occurred. Strategic Energy has two national competitors that operate in most or all of the same states in which Strategic Energy has operations. In addition to these national competitors, Strategic Energy faces competition in certain markets from deregulated utility affiliates that have been formed by the host regulated utility to capitalize on retail choice in their home market territory. Additionally, Strategic Energy, as well as its other competitors, must compete with the host utility in order to convince customers to switch away from their service offerings. The principal methods of competition are price, service and product differentiation. Strategic Energy competes in all of these areas.

KLT Gas

KLT Gas is focused on exploring for, developing, and producing unconventional natural gas resources, including coalbed methane properties. KLT Gas believes that unconventional natural gas resources provide an economically attractive alternative source of supply to meet the growing demand for natural gas in North America. Additionally, KLT Gas' management team has experience and expertise in identifying, testing and producing unconventional natural gas properties and, as a result, it believes its expertise provides a competitive advantage in this niche of the exploration and production sector. Because it has a longer, predictable reserve life and lower development cost, management believes unconventional natural gas exploration is inherently lower risk than conventional gas exploration.

Although gas prices have been volatile historically, KLT Gas continues to believe that the long-term future price scenarios for natural gas appear strong. Environmental concerns, especially air quality, and the increased demand for natural gas for new electric generating capacity are contributing to this projected growth in demand.

Regulation

KLT Gas' exploration and production activities are regulated extensively at the federal, state and local levels including environmental, health and safety regulations. Regulated matters include permits for discharges of wastewaters and other substances generated in connection with drilling operations; bonds or other financial responsibility requirements to cover drilling contingencies and well plugging and abandonment costs; and reports concerning operations, the spacing of wells and unitization and pooling of properties. At various times, regulatory agencies have imposed price controls and limitations on oil and gas production. In addition, at the federal level, the FERC regulates interstate transportation of natural gas under the Natural Gas Act. Other regulated matters include marketing, pricing, transportation and valuation of royalty payments.

Competition

KLT Gas is an independent natural gas company that frequently competes for reserve acquisitions, exploration leases, licenses, concessions, marketing agreements, equipment and labor against companies with financial and other resources substantially larger than KLT Gas' resources. In addition, many of KLT Gas' competitors have been operating in the same core areas for a much longer time than KLT Gas or have established strategic long-term positions in geographic regions in which KLT Gas may seek new entry.

Great Plains Energy and Consolidated KCP&L Employees

At December 31, 2002, Great Plains Energy had 3,046 employees. Consolidated KCP&L had 2,854 employees, including 1,397 represented by three local unions of the International Brotherhood of Electrical Workers (IBEW). KCP&L has labor agreements with Local 1613, representing clerical employees (expires March 31, 2005), with Local 1464, representing outdoor workers (expires January 31, 2006), and with Local 412, representing power plant workers (expires February 29, 2004).

Executive Officers

Name	Age	Current Position(s)	Year Assumed An Officer Position
Bernard J. Beaudoin	62	Chairman of the Board, President and Chief Executive Officer - Great Plains Energy Incorporated Chairman of the Board and Chief Executive Officer - Kansas City Power & Light Company	1984
Andrea F. Bielsker	44	Senior Vice President - Finance, Chief Financial Officer and Treasurer - Great Plains Energy Incorporated Senior Vice President - Finance, Chief Financial Officer and Treasurer - Kansas City Power & Light Company	1996
John J. DeStefano	53	President - Great Plains Power Incorporated President - Home Service Solutions Inc. President - Worry Free Services, Inc.	1989
William H. Downey 1	57	Executive Vice President - Great Plains Energy Incorporated President - Kansas City Power & Light Company	2000
Stephen T. Easley 2	47	Vice President - Generation Services - Kansas City Power & Light Company	2000
William P. Herdegen III 3	48	Vice President - Distribution Operations - Kansas City Power & Light Company	2001
Jeanie S. Latz	51	Executive Vice President - Corporate and Shared Services and Secretary - Great Plains Energy Incorporated Secretary - Kansas City Power & Light Company	1991
Nancy J. Moore	53	Vice President - Customer Services - Kansas City Power & Light Company	2000

1 Mr. Downey was President of Unicom Energy Services Company Inc. from 1997-1999; and Vice President of Commonwealth Edison Company from 1992-1999.
2 Mr. Easley was Director of Construction at KCP&L from October 1999-April 2000; Assistant to the Chief Financial Officer at KCP&L in 1999; and Vice President, Business Development Americas with KLT Power Inc. from March 1996-November 1998.
3 Mr. Herdegen was Chief Operating Officer at Laramore, Douglass and Popham in 2001 and Vice President and Director of Utilities Practice at System Development Integration, a consulting company, from 1999 to 2001; and held various positions at Commonwealth Edison during 1976-1999.

Name	Age	Current Position(s)	Year Assumed An Officer Position
Douglas M. Morgan	60	Vice President - Information Technology and Support Services - Great Plains Energy Incorporated	1994
Brenda Nolte 4	50	Vice President - Public Affairs - Great Plains Energy Incorporated	2000
William G. Riggins	44	General Counsel - Great Plains Energy Incorporated	2000
Richard A. Spring	48	Vice President - Transmission Services - Kansas City Power & Light Company	1994
Andrew B. Stroud, Jr. 5	44	Vice President - Human Resources - Great Plains Energy Incorporated	2001
Lori A. Wright 6	40	Controller - Great Plains Energy Incorporated Controller - Kansas City Power & Light Company	2002
Richard M. Zomnir 7	54	President and Chief Executive Officer - Strategic Energy	2003

All of the above individuals have been officers or employees in a responsible position with the Company for the past five years except as noted in the footnotes. The term of office of each officer commences with his or her appointment by the Board of Directors and ends at such time as the Board of Directors may determine. Gregory J. Orman resigned his position as Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy effective December 31, 2002.

There are no family relationships between any of the executive officers, nor any arrangement or understanding between any executive officer and any other person involved in officer selection.

4 Ms. Nolte was Vice President, Corporate Affairs, with AMC Entertainment from 1997-2000.
5 Mr. Stroud was Vice President-Global Human Resources of Evenflo Company, Inc. in 2000-2001; and held various management positions at PepsiCo during 1991-2000.
6 Ms. Wright served as Assistant Controller for Kansas City Power & Light Company from 2001 until named Controller in 2002; and was Director of Accounting and Reporting with American Electric Power Company, Inc. (which acquired Central & South West) in 2000-2001; and Assistant Controller with Central & South West Corporation in 1997-2000.
7 Mr. Zomnir founded the predecessor to Strategic Energy in 1991 and has served as its President and Chief Executive Officer since that time.

Available Information
Great Plains Energy's website is www.greatplainsenergy.com, and KCP&L's website is www.kcpl.com. Information contained on the companies' websites is not incorporated herein except to the extent specifically so indicated. Both companies make available, free of charge, on or through their websites their annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act as soon as reasonably practicable after the companies electronically file such material with, or furnish it to, the SEC. In addition, the companies make available on or through their websites all other reports, notifications and certifications filed electronically with the SEC.

ITEM 2. PROPERTIES

KCP&L Generation Resources
KCP&L's generating facilities consist of the following:

	Unit	Year Completed	Estimated 2003 MW Capacity		Primary Fuel
Existing Units					
Base Load	Wolf Creek (a)	1985	550	(b)	Nuclear
	Iatan	1980	469	(b)	Coal
	LaCygne 2	1977	337	(b)	Coal
	LaCygne 1	1973	344	(b)	Coal
	Hawthorn 9 (c)	2000	137		Gas
	Hawthorn 6 (d)	1997	132		Gas
	Hawthorn 5 (e)	1969	565		Coal
	Montrose 3	1964	176		Coal
	Montrose 2	1960	164		Coal
	Montrose 1	1958	170		Coal
Peak Load	Hawthorn 8 (d)	2000	77		Gas
	Hawthorn 7 (d)	2000	77		Gas
	Northeast 13 and 14 (d)	1976	114		Oil
	Northeast 17 and 18 (d)	1977	117		Oil
	Northeast 15 and 16 (d)	1975	116		Oil
	Northeast 11 and 12 (d)	1972	111		Oil
	Northeast Black Start Unit	1985	2		Oil
	West Gardner 1, 2, 3, and 4 (f)	2003	308		Gas
	Osawatomie (f)	2003	77		Gas
Total			4,043		

(a) Wolf Creek is one of KCP&L's principal generating facilities and has the lowest fuel cost of any of its generating facilities.
(b) KCP&L's share of a jointly-owned unit.
(c) Heat Recovery Steam Generator portion of combined cycle.
(d) Combustion turbines.
(e) On February 17, 1999, an explosion occurred at the Hawthorn Generating Station. The station returned to commercial operation on June 20, 2001, with a new boiler, air quality control equipment and an uprated turbine.
(f) Combustion turbines currently under construction. Completion is scheduled for the spring and summer of 2003.

KCP&L owns the Hawthorn Station (Jackson County, Missouri), Montrose Station (Henry County, Missouri), Northeast Station (Jackson County, Missouri), West Gardner Station (Johnson County, Kansas) and Osawatomie (Miami County, Kansas). KCP&L also owns 50% of the 688 MW LaCygne 1 Unit and 674 MW LaCygne 2 Unit in Linn County, Kansas; 70% of the 670 MW Iatan Station in Platte County, Missouri; and 47% of the 1,170 MW Wolf Creek in Coffey County, Kansas.

KCP&L Transmission and Distribution Resources

KCP&L's electric transmission system interconnects with systems of other utilities to permit bulk power transactions with other electricity suppliers. KCP&L owns approximately 1,700 miles of transmission lines, approximately 9,000 miles of overhead distribution lines, and approximately 3,500 miles of underground distribution lines in Missouri and Kansas. KCP&L has all the franchises necessary to sell electricity within the territories from which substantially all of its gross operating revenue is derived. KCP&L's distribution and transmission systems are continuously monitored for adequacy to meet customer needs. Management believes the current systems are adequate to serve its customers.

KCP&L General

KCP&L's principal plants and properties, insofar as they constitute real estate, are owned in fee simple. Certain other facilities are located on premises held under leases, permits or easements. KCP&L's electric transmission and distribution systems are for the most part located over or under highways, streets, other public places or property owned by others for which permits, grants, easements or licenses (deemed satisfactory but without examination of underlying land titles) have been obtained.

Substantially all of the fixed property and franchises of KCP&L, which consists principally of electric generating stations, electric transmission and distribution lines and systems, and buildings subject to exceptions and reservations, are subject to a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986.

KLT Gas

KLT Gas leases mineral rights on properties located in Colorado, Texas, Wyoming, Kansas and Nebraska. At December 31, 2002, these leased properties cover approximately 255,000 undeveloped acres. The testing of this acreage is in accordance with KLT Gas' exploration plan and capital budget. The timing of the testing may vary from current plans based upon obtaining the required environmental and regulatory approvals and permits and future changes in market conditions. KLT Gas continues to seek and identify new lease prospects in addition to its existing portfolio of properties.

Item 3. Legal Proceedings

DTI Bankruptcy

On December 31, 2001, a subsidiary of KLT Telecom, DTI Holdings, Inc. (Holdings) and its subsidiaries, Digital Teleport, Inc. (Digital Teleport) and Digital Teleport of Virginia, Inc., filed separate voluntary petitions in Bankruptcy Court for the Eastern District of Missouri for reorganization under Chapter 11 of the U.S. Bankruptcy Code in Case Nos. 01-54369-399, 01-54370-399 and 01-54371-399. These cases have been consolidated for joint procedural administration. Holdings and its two subsidiaries are collectively called "DTI". The filings enable DTI to continue to conduct its business operations while attempting to resolve its financial obligations. KLT Telecom is a creditor in the proceedings, and KCP&L has an immaterial trade claim in the Digital Teleport bankruptcy proceedings. KLT Telecom agreed to provide up to $5 million in debtor-in-possession financing (DIP Loan) to Digital Teleport for a term of 18 months during the bankruptcy process if it achieves certain financial goals. The Bankruptcy Court approved the DIP Loan on February 18, 2002, but no advances have been made under the DIP Loan to date.

In December 2002, Digital Teleport entered into an agreement to sell substantially all of its assets (Asset Sale) to CenturyTel Fiber Company II, LLC (Century Tel), a nominee of CenturyTel, Inc. (Asset Purchase Agreement). The Asset Sale was approved by the Bankruptcy Court in February 2003, but the Asset Purchase Agreement contains conditions to closing which include, among other items, the receipt of all necessary regulatory approvals, which must either be satisfied or waived by July 15, 2003.

In the Digital Teleport bankruptcy case, KLT Telecom, KLT Inc., KCP&L, Great Plains Energy, Digital Teleport and the Official Unsecured Creditors Committee of Digital Teleport entered into a Settlement Agreement as of December 23, 2002 (Teleport Settlement Agreement). The Teleport Settlement Agreement, if approved by the Bankruptcy Court, resolves all material issues and disputes among the parties to that agreement. The Teleport Settlement Agreement does not resolve any claims that Holdings or its creditors may have against the Company; however, as discussed below, settlement discussions have commenced in the Holdings bankruptcy case. Digital Teleport and Digital Teleport of Virginia have prepared a Chapter 11 plan (Chapter 11 Plan) and disclosure statement reflecting the Asset Sale and the terms of the Teleport Settlement Agreement and expect that a confirmation hearing will be held by the Bankruptcy Court in May 2003. The Chapter 11 Plan contemplates that Digital Teleport and Digital Teleport of Virginia will be liquidated after distribution of those companies' assets to their creditors pursuant to the Chapter 11 Plan and the Teleport Settlement Agreement.

In an objection to a motion by Digital Teleport for an extension of time in which to propose a Chapter 11 plan, the largest creditor of Holdings (the Creditor) asserted that Holdings, Digital Teleport and their creditors have claims against KLT Telecom, KLT Inc., KCP&L and Great Plains Energy based on theories of breach of contract, fraudulent conveyance, recharacterization of debt, subordination and breach of fiduciary duty. Among other things, the Creditor asserted that certain tax benefits should have been paid to Holdings and Digital Teleport, rather than to KLT Telecom as provided in the October 1, 2001, Great Plains Energy tax allocation agreement. The Creditor has not otherwise pursued these claims at this time, and the Company believes that it has meritorious defenses to these claims. Further, Holdings, the principal creditors of Holdings (including the Creditor), KLT Telecom, KLT Inc., KCP&L, and Great Plains Energy are in the process of negotiating a separate settlement agreement which, if finalized and approved by the Bankruptcy Court, is anticipated to resolve the Holdings bankruptcy case and any claims that might be asserted in the Holdings bankruptcy case against the Company, and to provide payment to the creditors of Holdings from a portion of the proceeds KLT Telecom otherwise would receive from the Asset Sale. If the separate settlement agreement is finalized, it is anticipated that the Chapter 11 Plan will be modified to add Holdings as a proponent and to include the terms of the Holdings Settlement Agreement. For further information regarding the DTI bankruptcy proceedings, see Note 19 to the consolidated financial statements, which is incorporated by reference.

Central Interstate Low-Level Radioactive Waste Compact Litigation
The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Compact and selected a site in northern Nebraska to locate a disposal facility. WCNOC and the owners of the other five nuclear units in the Compact provided most of the pre-construction financing for this project. KCP&L's net investment in the Compact was $7.4 million at December 31, 2002 and 2001.

Significant opposition to the project has been raised by Nebraska officials and residents in the area of the proposed facility and attempts have been made through litigation and proposed legislation in Nebraska to slow down or stop development of the facility. On December 18, 1998, the application for a license to construct this project was denied. After the license denial, WCNOC and others filed a lawsuit in federal court contending Nebraska officials acted in bad faith while handling the license application. In September 2002, the U.S. District Court Judge presiding over the Central Interstate Compact Commission's federal "bad faith" lawsuit against the State of Nebraska issued his decision in the case finding clear evidence that the State of Nebraska acted in bad faith in processing the license application for a low-level radioactive waste disposal site in Nebraska and rendered a judgment in the amount of $151.4 million against the state. The state has appealed this decision to the 8th Circuit, U.S. Court of Appeals. Based on the favorable outcome of this trial, in KCP&L's opinion, there is a greater possibility of reversing the state's license denial once the decision in this case is final.

In May 1999, the Nebraska legislature passed a bill withdrawing Nebraska from the Compact. In August 1999, the Nebraska Governor gave official notice of the withdrawal to the other member states. Withdrawal will not be effective for five years and will not, of itself, nullify the site license proceeding.

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

During the fourth quarter of 2002, no matter was submitted to a vote of security holders through the solicitation of proxies or otherwise for either Great Plains Energy or KCP&L.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Great Plains Energy
Great Plains Energy common stock is listed on the New York Stock Exchange under the symbol GXP. Prior to October 1, 2001, the Company was listed on the New York Stock Exchange under the symbol KLT. At December 31, 2002, Great Plains Energy's common stock was held by 17,131 shareholders of record. Information relating to market prices and cash dividends on Great Plains Energy's common stock is set forth below:

	Common Stock Price Range				Common Stock Dividends Declared		
	2002		2001				
Quarter	High	Low	High	Low	2003	2002	2001
First	$26.98	$24.40	$27.56	$23.60	$ 0.415	$0.415	$0.415
Second	25.07	20.35	26.75	23.63		0.415	0.415
Third	22.45	15.69	26.13	23.70		0.415	0.415
Fourth	23.59	17.66	27.35	23.19		0.415	0.415

Regulatory Restrictions
Under the 35 Act, Great Plains Energy and KCP&L can pay dividends only out of retained or current earnings, unless authorized to do so by the SEC. Under stipulations with the MPSC and KCC, Great Plains Energy and KCP&L have committed to maintain consolidated common equity of not less than 30% and 35%, respectively. In their application under the 35 Act to establish a registered holding company structure, Great Plains Energy and KCP&L committed to maintain a consolidated common equity capitalization of at least 30%.

Dividend Restrictions
Great Plains Energy's Articles of Incorporation contain certain restrictions on the payment of dividends on Great Plains Energy's common stock in the event common equity falls to 25% of total capitalization. If preferred stock dividends are not declared and paid when scheduled, Great Plains Energy could not declare or pay common stock dividends or purchase any common shares. If the unpaid preferred stock dividends equal four or more full quarterly dividends, the preferred shareholders, voting as a single class, could elect members to the Board of Directors.

Issuance of Unregistered Securities
On November 7, 2002, Great Plains Energy entered into an Agreement and Plan of Merger (Agreement) with [OBJECT OMITTED] (ELC), Gregory J. Orman and Mark R. Schroeder (ELC shareholders) and Innovative Energy Consultants Inc. (IEC), a wholly-owned subsidiary of Great Plains Energy. The ELC Shareholders received $15.1 million in merger consideration. As part of the merger consideration, on November 7, 2002, Great Plains Energy issued 387,596 additional shares of its common stock to the ELC Shareholders. The Agreement valued such shares at approximately $8 million.

The issuance of the common stock by Great Plains Energy to the ELC Shareholders is a transaction not involving a public offering, and is exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. The facts relied on to make this exemption available include, without limitation, the following: (i) the offering did not involve any general solicitation or advertising, but was limited to the two ELC Shareholders; (ii) the offering was made to the ELC Shareholders solely in connection with the acquisition and merger of ELC into IEC; (iii) the number of common shares issued constituted approximately 0.6% of the then-issued and outstanding shares of Great Plains Energy; and (iv) the representations and covenants of the ELC Shareholders contained in the Agreement regarding, among other things, investment intent, status as accredited investors, access to information and restrictions on transferring the common stock.

KCP&L

Great Plains Energy holds all the outstanding shares of KCP&L's common stock.

Under the indenture relating to KCP&L's 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037 (Debentures), which are held by KCP&L Financing I, KCP&L may not declare or pay any dividends on any shares of its capital stock if at the time (i) there is an event of default (as defined in the indenture), (ii) KCP&L is in default with respect to its payment of any obligations under its guarantee of preferred securities issued by KCP&L Financing I, or (iii) KCP&L has elected to defer payments of interest on the Debentures.

Equity Compensation Plan

Great Plains Energy has one equity compensation plan which authorizes the issuance of Great Plains Energy common stock. The equity compensation plan has been approved by the shareholders of Great Plains Energy. The following table provides information, as of December 31, 2002, regarding the number of common shares to be issued upon exercise of outstanding options, warrants and rights, their weighted average exercise price, and the number of shares of common stock remaining available for future issuance under the equity compensation plan. The table excludes shares issued or issuable under Great Plains Energy's defined contribution savings plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	541,500 (1)	$25.21 (2)	2,135,000
Equity compensation plans not approved by security holders	-	-	-
Total	541,500 (1)	$25.21 (2)	2,135,000

(1) Includes 144,500 performance shares and options for 397,000 shares of Great Plains Energy common stock outstanding at December 31, 2002.

(2) The 144,500 performance shares have no exercise price and therefore are not reflected in the weighted average exercise price.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31	2002 (b)	2001 (b)	2000 (b)	1999	1998
	(dollars in millions except per share amounts)				
Great Plains Energy (a)					
Operating revenues	$ 1,862	$ 1,462	$ 1,116	$ 921	$ 973
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles (c)	$ 129	$ (40)	$ 129	$ 82	$ 121
Net income (loss)	$ 126	$ (24)	$ 159	$ 82	$ 121
Basic and diluted earnings (loss) per common share before extraordinary item and cumulative effect of changes in accounting principles	$ 2.04	$ (0.68)	$ 2.05	$ 1.26	$ 1.89
Basic and diluted earnings (loss) per common share	$ 1.99	$ (0.42)	$ 2.54	$ 1.26	$ 1.89
Total assets at year end	$ 3,507	$ 3,464	$ 3,294	$ 2,990	$ 3,012
Total mandatorily redeemable preferred securities	$ 150	$ 150	$ 150	$ 150	$ 150
Total redeemable preferred stock and long-term debt (including current maturities)	$ 1,189	$ 1,195	$ 1,136	$ 815	$ 913
Cash dividends per common share	$ 1.66	$ 1.66	$ 1.66	$ 1.66	$ 1.64
Ratio of earnings to fixed charges	2.85	(d)	3.02	2.38	2.98
Consolidated KCP&L (a)					
Operating revenues	$ 1,071	$ 1,351	$ 1,116	$ 921	$ 973
Income before extraordinary item and cumulative effect of changes in accounting principles (c)	$ 99	$ 104	$ 129	$ 82	$ 121
Net income	$ 96	$ 120	$ 159	$ 82	$ 121
Total assets at year end	$ 3,139	$ 3,146	$ 3,294	$ 2,990	$ 3,012
Total mandatorily redeemable preferred securities	$ 150	$ 150	$ 150	$ 150	$ 150
Total redeemable preferred stock and long-term debt (including current maturities)	$ 1,170	$ 1,164	$ 1,136	$ 815	$ 913
Ratio of earnings to fixed charges	2.80	2.11	3.02	2.38	2.98

(a) Great Plains Energy's consolidated financial statements include consolidated KCP&L, KLT Inc., GPP and IEC. KCP&L's consolidated financial statements include its wholly owned subsidiary HSS. In addition, KCP&L's consolidated results of operations include KLT Inc. and GPP for all periods prior to the October 1, 2001 formation of the holding company.

(b) See Management's Discussion for explanations of 2002, 2001 and 2000 results.

(c) In 2002, this amount is before the $3.0 million cumulative effect of a change in accounting principle. For further information, see Note 6 to the consolidated financial statements. In 2001, this amount is before the $15.9 million after tax extraordinary gain on early extinguishment of debt. For further information, see Note 19 to the consolidated financial statements. In 2000, this amount is before the $30.1 million after tax cumulative effect of changes in pension accounting. For further information, see Note 7 to the consolidated financial statements.

(d) An $80.0 million deficiency in earnings caused the ratio of earnings to fixed charges to be less than a one-to-one coverage. A $195.8 million net write-off before income taxes related to the bankruptcy filing of DTI was recorded in 2001.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis of Financial Condition and Results of Operations that follow are a combined presentation for Great Plains Energy and 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. It should be read in conjunction with the accompanying consolidated financial statements and related notes.

Great Plains Energy Incorporated

Effective October 1, 2001, Great Plains Energy became the holding company of KCP&L, GPP and KLT Inc. As a diversified energy company, its reportable business segments include:

- KCP&L, an integrated electric utility in the states of Missouri and Kansas, provides reliable, affordable electricity to retail customers;
- Strategic Energy provides power supply coordination services in several electricity markets offering retail choice, including Pennsylvania, California, Ohio, New York, Massachusetts and Texas; and
- KLT Gas explores for, develops and produces unconventional natural gas resources.

Effective October 1, 2001, all outstanding KCP&L shares were exchanged one for one for shares of Great Plains Energy. The Great Plains Energy trading symbol "GXP" replaced the KCP&L trading symbol "KLT" on the New York Stock Exchange.

During 2002, the Company's management revised its corporate business strategy. The goal is to become a premier diversified energy company that achieves annual growth in earnings per share in a financially disciplined manner. To achieve this goal, Great Plains Energy intends to focus on its three reportable segments of business:

- Stressing operational excellence in the utility operations of KCP&L;
- Expanding Strategic Energy's business model into new markets; and
- Developing KLT Gas into a leading unconventional natural gas exploration company.

Critical Accounting Policies

Pensions

KCP&L incurs significant costs in providing non-contributory defined pension benefits. The costs are developed from actuarial valuations that are dependent upon numerous factors resulting from actual plan experience and assumptions of future plan experience.

Pension costs are impacted by actual employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plan, earnings on plan assets and plan amendments. In addition, pension costs are also affected by changes in key actuarial assumptions, including anticipated rates of return on plan assets and the discount rates used in determining the projected benefit obligation and pension costs.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions", changes in pension obligations associated with these factors may not be immediately recognized as pension costs on the income statement. KCP&L generally recognizes gains and losses by amortizing over a five-year period the rolling five-year average of unamortized gains and losses. The key assumptions used in developing our 2002 pension disclosures were a 6.75% discount rate, a 9.0% expected return on plan assets and a 4.1% compensation rate increase. These are consistent with the prior years' assumptions except that the discount rate was 7.25% and 8.00% in 2001 and 2000, respectively.

The following chart reflects the sensitivities associated with a 0.5 percent increase or decrease in certain actuarial assumptions. Each sensitivity reflects an evaluation of the change based solely on a change in that assumption.

Actuarial assumption	Change in Assumption	Impact on Projected Benefit Obligation	Impact on Pension Liability	Impact on 2002 Pension Expense
			(millions)	
Discount rate	0.5% increase	$ (20.2)	$ (7.6)	$ (1.0)
Rate of return on plan assets	0.5% increase	-	-	(1.8)
Discount rate	0.5% decrease	20.6	9.4	1.1
Rate of return on plan assets	0.5% decrease	-	-	1.8

In selecting an assumed discount rate, fixed income security yield rates for 30-year Treasury bonds and corporate high-grade bond yields are considered. The assumed rate of return on plan assets is the weighted average of long-term returns forecast for the type of investments held by the plan.

In 2002, KCP&L recorded non-cash expense of approximately $5.5 million, a $17.7 million increase from the previous year. Pension expense for 2003 is expected to be approximately $18.1 million, an increase of $12.6 million over 2002. The increase is due primarily to lower returns on plan assets.

KCP&L's pension plan assets are primarily made up of equity and fixed income investments. The market value of the plan assets has been affected by the sharp declines in equity markets since the third quarter of 2000. During 2001, plan assets declined in value by approximately $170 million. During 2002, the plan continued to experience losses as plan assets declined an additional $71 million in market value. At December 31, 2002, the fair value of pension plan assets was $324.2 million.

As a result of the decline in the equity markets and lower discount rates in 2002, the total Accumulated Benefit Obligation (ABO) of the plans exceeded the fair value of plan assets at December 31, 2002. As prescribed by SFAS No. 87, KCP&L has recorded a minimum pension liability of $63.1 million. This was offset by an intangible asset of $19.2 million, the balance of unamortized prior service costs, with the remaining $43.9 million charged to common equity through Other Comprehensive Income (OCI). The impact on OCI, net of deferred tax, was $26.8 million. However, there was no impact on net income. The impact on OCI could reverse in future periods to the extent the fair value of trust assets exceeds the ABO.

Absent a substantial recovery in the equity markets, pension costs, cash funding requirements and the additional pension liability could substantially increase in future years.

Regulatory Matters

As a regulated utility, KCP&L is subject to the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation". Accordingly, KCP&L has recorded assets and liabilities on its balance sheet resulting from the effects of the ratemaking process, which would not be recorded under generally accepted accounting principles (GAAP) if KCP&L was not regulated. Regulatory assets represent incurred costs that have been deferred because they are probable of future recovery in customer rates. Regulatory liabilities generally represent probable future reductions in revenue or refunds to customers. At December 31, 2002, KCP&L's regulatory assets and liabilities totaled $128.9

million and $103.6 million, respectively. KCP&L's continued ability to meet the criteria for application of SFAS No. 71 may be affected in the future by competitive forces and restructuring in the electric industry. In the event that SFAS No. 71 no longer applied to all, or a separable portion of KCP&L's operations, the related regulatory assets and liabilities would be written off unless an appropriate regulatory recovery mechanism is provided. Additionally, these factors could result in an impairment of utility plant assets as determined pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets." See Note 4 to the consolidated financial statements for a discussion of regulatory assets and liabilities.

At the end of January 2002, a severe ice storm occurred throughout large portions of the Midwest, including the greater Kansas City metropolitan area. In the second quarter of 2002, the KCC approved the stipulation and agreement that KCP&L had reached with the Commission staff and the Citizens Utility Ratepayers Board with regard to treatment of the Kansas portion of the ice storm costs. Under this stipulation and agreement, KCP&L received a rate moratorium until 2006 in exchange for KCP&L's agreement to not seek recovery of the $16.5 million expense for the Kansas jurisdictional portion of the storm costs and reduce rates by $12 - $13 million in 2003. Additionally, KCP&L agreed to determine depreciation expense of Wolf Creek using a 60 year life instead of a 40 year life effective January 2003, which results in a reduction of expense by approximately $8 million in 2003. KCP&L also agreed to file a rate case by May 15, 2006. In December 2002, the KCC approved tariffs implementing the stipulation and agreement, which resulted in a reduction of $12.4 million in annual Kansas retail revenues, effective January 1, 2003.

Effective August 2002, the MPSC approved KCP&L's application for an accounting authority order related to the Missouri jurisdictional portion of the storm costs. The order allows KCP&L to defer and amortize $20.1 million, representing the Missouri impact of the storm, through January 2007. The amortization began in September 2002 and totaled $1.5 million in 2002. KCP&L will amortize approximately $4.6 million annually for the remainder of the amortization period. In October 2002, the Staff of the MPSC concluded its review of the Missouri jurisdictional earnings for KCP&L and determined that the current rate levels did not warrant action.

Asset Impairment, including Goodwill and Other Intangible Assets

Long-lived assets and intangible assets subject to amortization are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable as prescribed under SFAS No. 144. SFAS No. 144 requires that if the sum of the undiscounted expected future cash flows from an asset is less than the carrying value of the asset, an asset impairment must be recognized in the financial statements. The amount of impairment recognized is calculated by subtracting the fair value of the asset from the carrying value of the asset. The adoption of SFAS No. 144 had no impact on Great Plains Energy and consolidated KCP&L.

Goodwill is tested for impairment at least annually and more frequently when indicators of impairment exist as prescribed under SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 requires that if the fair value of a reporting unit is less than its carrying value including goodwill, the implied fair value of the reporting unit goodwill must be compared with its carrying value to determine the amount of impairment. See Note 6 to the consolidated financial statements for information regarding the impact of adopting SFAS No. 142 on goodwill and goodwill amortization.

Goodwill of $15.9 million was recorded in conjunction with KLT Energy Services' indirect ownership acquisitions of Strategic Energy from 1999 through 2001. At December 31, 2001, the unamortized balance of goodwill associated with Strategic Energy was $14.1 million. During 2002, additional goodwill of $12.0 million was recorded at IEC related to its 6% indirect ownership acquisition of Strategic Energy. Strategic Energy's transition and 2002 annual impairment tests have been completed and there was no impairment of the Strategic Energy goodwill. At December 31, 2002, the unamortized balance of Strategic Energy goodwill on Great Plains Energy's balance sheet was $26.1 million.

Goodwill has been recorded by R.S. Andrews Enterprises, Inc. (RSAE) at various times as it purchased property and businesses. At December 31, 2002, the unamortized balance of RSAE goodwill was $20.0 million.

RSAE's goodwill was reviewed for impairment as of January 1, 2002, as required under the implementation provisions of SFAS No. 142. Based upon the results of a third party study and budgeted 2002 revenue, RSAE recorded a $3.0 million impairment of goodwill. The impairment is reflected as a cumulative effect to January 1, 2002, of a change in accounting principle.

During September 2002, the Company conducted its first annual impairment test on RSAE's goodwill based on a discounted cash flow model. The model assumed a discount rate of 6.8% and sales growth of 3% for five years with revenues stable thereafter. The model indicated no additional impairment had occurred.

Management believes that the accounting estimates related to impairment analyses required under SFAS No. 142 and SFAS No. 144 are critical accounting estimates. The estimates are highly susceptible to change from period to period because it requires company management to make assumptions about future sales, operating costs and discount rates over an indefinite life. Historically, actual margins and volumes have fluctuated and, to a great extent, fluctuations are expected to continue. The estimates of future margins are based upon internal budgets, which incorporate estimates of customer growth, business expansion and weather trends, among other items.

Related Party Transactions

In November 2002, the Board of Directors of the Company approved a merger of ELC into IEC. Gregory J. Orman, former Executive Vice President - Corporate Development and Strategic Planning of the Company was the majority shareholder of ELC and received $10.1 million in Company common stock and a note. See Note 9 to the consolidated financial statements.

In September 2000, KLT Energy Services exercised an option to purchase shares of Bracknell Corporation (Bracknell) common stock owned by Reardon Capital, L.L.C. (Reardon) and received a majority of the shares in 2000 and a warrant to purchase the remainder. In May 2001, KLT Energy Services exercised the warrant for 274,976 shares and sold 278,600 shares in June 2001. In November 2001, Bracknell common stock ceased trading and as a result KLT Energy Services wrote off its remaining investment in Bracknell. Gregory J. Orman, former Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy and former President and CEO of KLT Inc., owned 55% of the membership interests of Reardon and approximately 1% of Bracknell. See Note 9 to the consolidated financial statements.

Great Plains Energy Results of Operations

	2002	2001 (millions)	2000
Operating revenues	$1,861.9	$1,461.9	$1,115.9
Fuel	(159.7)	(163.8)	(153.1)
Purchased power - KCP&L	(46.2)	(65.2)	(105.7)
Purchased power - Strategic Energy	(685.4)	(329.0)	(84.4)
Revenues, net of fuel and purchased power	970.6	903.9	772.7
Other operating expenses	(527.4)	(516.5)	(447.1)
Depreciation and depletion	(151.6)	(158.8)	(132.4)
Gain (loss) on property	0.1	(171.4)	99.1
Operating income	291.7	57.2	292.3
Loss from equity investments	(1.2)	(0.4)	(19.4)
Non-operating income (expenses)	(23.9)	(29.5)	(15.4)
Interest charges	(89.1)	(103.3)	(75.7)
Income taxes	(48.3)	35.9	(53.2)
Early extinguishment of debt	-	15.9	-
Cumulative effects of changes in accounting principles	(3.0)	-	30.1
Net income (loss)	126.2	(24.2)	158.7
Preferred dividends	(1.7)	(1.6)	(1.6)
Earnings (loss) available for common stock	$ 124.5	$ (25.8)	$ 157.1

2002 compared to 2001
Great Plains Energy's 2002 earnings, as detailed in the table below, increased to $124.5 million, or $1.99 per share, from a loss of $25.8 million, or $(0.42) per share, compared to the same period of 2001.

	Earnings (Loss)			Earnings (Loss) Per Great Plains Energy Share		
	2002	2001 (millions)	2000	2002	2001	2000
KCP&L	$102.9	$ 96.8	$ 56.4	$ 1.64	$ 1.57	$ 0.91
Subsidiary operations	(4.2)	(5.5)	(13.5)	(0.06)	(0.09)	(0.22)
Cumulative effect of changes in accounting principles	(3.0)	-	30.1	(0.05)	-	0.49
Consolidated KCP&L	95.7	91.3	73.0	1.53	1.48	1.18
Strategic Energy	29.7	21.8	5.9	0.48	0.35	0.09
KLT Gas	-	14.3	79.2	-	0.23	1.28
Other non-regulated operations	(0.9)	(169.1)	(1.0)	(0.02)	(2.74)	(0.01)
Earnings excluding extraordinary item	124.5	(41.7)	157.1	1.99	(0.68)	2.54
Early extinguishment of debt	-	15.9	-	-	0.26	-
Great Plains Energy	$124.5	$(25.8)	$157.1	$ 1.99	$(0.42)	$ 2.54

KCP&L's increase in earnings is the result of warmer summer 2002 weather compared to 2001, continued load growth and a 40% increase in wholesale MWh sales, which combined with other net positive impacts of the return to service of Hawthorn No. 5 in mid-2001 to more than offset increased expenses. The increased expenses included the January 2002 ice storm costs and increased administrative and general expenses primarily from increased pension expenses.

Strategic Energy's earnings increased $22.9 million, excluding earnings during 2001 of $15.0 million from the sale of power purchased from one supplier under wholesale contracts that expired at the end of 2001. The increase is due to continued growth in retail electric sales resulting from increases in customer accounts and MWh's served. This was partially offset by increased salaries and benefits and an increase in income taxes as a result of increased sales in states with higher income tax rates for the current year.

During 2002, KLT Gas focused on the acquisition of additional leased acreage and the testing and development of several unconventional natural gas properties. KLT Gas' earnings in 2001 reflect the $12.0 million after tax gain on the sale of its 50% equity ownership in Patrick KLT Gas, LLC.

Other non-regulated operations included, among other things, a $3.8 million increase in earnings primarily due to lower reductions in affordable housing limited partnerships in 2002 compared to 2001. Additionally, 2001 reflects $173.8 million related to both DTI operating losses incurred in 2001 and the $140.0 million net write-off following DTI's bankruptcy filings at the end of 2001. As a result of DTI's filing for bankruptcy protection, DTI is not included in 2002 results of operations.

The 2002 cumulative effect of changes in accounting principles reflects RSAE's write-down of goodwill due to the adoption of SFAS No. 142. In 2001, prior to KLT Telecom's purchase of a majority ownership in DTI, DTI completed a tender offer for 50.4% of its outstanding senior discount notes. This transaction resulted in a $15.9 million extraordinary gain on the early extinguishment of debt.

2001 compared to 2000

Great Plains Energy's 2001 earnings decreased from $157.1 million or $2.54 per share in 2000, to a loss of $25.8 million, or $(0.42) per share.

KCP&L's increase in earnings was primarily the result of the significant net positive impacts of the return to service of Hawthorn No. 5 in mid-2001. A significant reduction in purchased power expense, especially in the summer months, combined with reduced fuel cost per MWh generated more than offset increased fuel costs primarily due to an increase in MWh's generated and increased operating expenses including depreciation and interest charges. KCP&L recorded $12.7 million of income taxes in 2000 for a proposed Internal Revenue Service (IRS) adjustment related to corporate-owned life insurance (COLI). Additionally, subsidiary operations in 2000 included a $12.2 million write-down of the investment in RSAE.

Strategic Energy's earnings increased $15.9 million primarily due to growth in retail electric sales and higher earnings during 2001 than in 2000 on wholesale sales of the power supplied under wholesale contracts, particularly during the summer months of 2001.

KLT Gas' earnings decreased $64.9 million primarily due to the sale in late 2000 of producing natural gas properties for an after tax gain of $68.0 million. The 2000 gain and the loss of gas production revenue were partially offset by the $12.0 million after tax gain on KLT Gas' 2001 sale of its 50% equity ownership in Patrick KLT Gas, LLC.

Other non-regulated operations included $173.8 million related to both DTI operating losses in 2001 and the $140.0 million net write-off following DTI's bankruptcy filing at the end of 2001 partially offset by $9.1 million of equity losses in DTI in 2000. Also included was a $6.7 million decrease primarily attributable to recording more reductions in affordable housing limited partnerships in 2001 than 2000.

In 2001, prior to KLT Telecom's purchase of majority ownership in DTI, DTI completed a tender offer for 50.4% of its outstanding senior discount notes. This transaction resulted in a $15.9 million extraordinary gain on the early extinguishment of debt. The cumulative effect to January 1, 2000, reflects KCP&L's change in methods of amortizing unrecognized net gains and losses and determination of expected return related to its accounting for pension expense.

For further discussion regarding each segment's results of operations, see its respective section below.

Consolidated KCP&L

The following discussion of consolidated KCP&L results of operations includes KCP&L, an integrated electric utility and HSS, an unregulated subsidiary of KCP&L. References to KCP&L, in the discussion that follows, reflect only the operations of the integrated electric utility. The discussion excludes the results of operations for GPP and KLT Inc. and subsidiaries, which were transferred to Great Plains Energy on October 1, 2001.

Consolidated KCP&L Business Overview

As an integrated electric utility, KCP&L engages in the generation, transmission, distribution and sale of electricity.

KCP&L's power business will have over 4,000 megawatts of generating capacity following the completion of five combustion turbine units that will add 385 megawatts of peaking capacity. During 2001, KCP&L entered into a $200 million, five-year construction and synthetic operating lease transaction for the five combustion turbines. During 2002, the lease was amended to reduce the amount financed from the previously estimated $200 million to $176 million to reflect changes in the estimated cost for the purchase, installation, assembly and construction of the five combustion turbines. Construction began during the third quarter of 2002 with the expected commercial operation of the five combustion turbines in the spring and summer 2003.

KCP&L's delivery business consists of transmission and distribution facilities that serve almost 485,000 customers as of December 31, 2002. KCP&L continues to experience load growth approximating the historical average of 2.0% to 2.5% annually through increased customer usage and additional customers. Rates charged for electricity are below the national average.

At the end of January 2002, a severe ice storm occurred throughout large portions of the Midwest, including the greater Kansas City metropolitan area. At its peak, the storm caused over 300,000 customer outages throughout the KCP&L service territory, an unprecedented level in the KCP&L's 120-year history. Crews from other utilities in numerous states were called in to assist in the restoration of power and power was restored in nine days. Costs related to the January ice storm were approximately $51.3 million of which $14.7 million were capital expenditures and therefore charged to utility plant. KCP&L expensed $16.5 million for the Kansas jurisdictional portion of the storm costs and deferred $20.1 million of the storm costs applicable to Missouri. In January 2003, Edison Electric Institute honored KCP&L for exemplary performance and dedication in restoring power to customers during the storm and recognized KCP&L by awarding it the association's annual "Emergency Response Award".

Under the FERC Order 2000, KCP&L, as an investor-owned utility, is strongly encouraged to join a FERC approved RTO. RTOs combine regional transmission operations of utility businesses into a regional organization that schedules transmission services and monitors the energy market to ensure regional transmission reliability and non-discriminatory access. During the first quarter of 2002, the SPP and the MISO voted to consolidate the two organizations to create a larger Midwestern RTO, a non-profit organization that will operate in twenty states and one Canadian province. KCP&L is a member of the SPP. The consolidation is expected to be completed during the second quarter of 2003 and has received FERC approval. The FERC has already approved an RTO proposal submitted by the MISO. Additionally, regulatory approvals would have to be received from the MPSC and the KCC prior to KCP&L's participation in an RTO. During 2003, KCP&L expects to make filings with the MPSC and

KCC seeking permission to participate in the RTO resulting from the merger of SPP and MISO. During February 2003, KCP&L submitted to MISO a conditional application to joining the RTO resulting from the merger of SPP and MISO.

During the third quarter of 2002, the FERC issued a Notice of Proposed Rulemaking to Remedy Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design. The proposed rulemaking is designed to establish a single non-discriminatory open access transmission tariff with a single transmission service that is applicable to all users of the interstate transmission grid. All public utilities that own, control or operate interstate transmission facilities would be required to become independent transmission providers, turn over the operation of their transmission facilities to an RTO that meets the definition of an independent transmission provider or contract with an entity that meets the definition of an independent transmission provider. KCP&L filed comments with the FERC on the proposed rulemaking in November 2002. The FERC has recently announced that it will issue a white paper on Standard Electricity Market Design in April 2003 and accept comments on that paper before issuing a final rule, which is now expected in the third or fourth quarter of 2003. KCP&L's participation in the RTO resulting from the merger of SPP and MISO would fulfill the majority of the requirements of this proposed rulemaking.

KCP&L has a wholly-owned unregulated subsidiary, HSS, that holds investments in businesses primarily in residential services. HSS is comprised of two direct subsidiaries, RSAE and Worry Free. HSS is evaluating strategic alternatives concerning its investments, which could include a possible sale of a portion or all of the business.

In 2001, HSS increased its ownership in RSAE, a consumer services company headquartered in Atlanta, Georgia, from 49% to 72%. Accordingly, HSS changed its method of accounting for RSAE from the equity method to consolidation. During 2001, HSS recorded losses from its investment in RSAE that resulted in a negative investment balance. As a result of these losses, the minority interest in RSAE was reduced to zero. Accordingly, as long as RSAE is consolidated, any future losses of RSAE would be recorded by HSS at 100%, which will further decrease the investment below zero.

Consolidated KCP&L Results of Operations
The following table summarizes consolidated KCP&L's comparative results of operations. For comparative purposes only, 2001 and 2000 presented below have been restated to exclude the results of operations for KLT Inc. and subsidiaries and GPP, which were transferred to Great Plains Energy on October 1, 2001. Therefore, 2001 and 2000 presented below do not agree with 2001 and 2000 presented in KCP&L's consolidated statements of income and should only be used in the context of the discussion and analysis that follows.

	2002	2001 (millions)	2000
Operating revenues	$1,071.3	$1,033.7	$ 955.8
Fuel	(159.7)	(163.8)	(153.1)
Purchased power	(46.2)	(65.2)	(105.7)
Revenues, net of fuel and purchased power	865.4	804.7	697.0
Other operating expenses	(468.8)	(435.9)	(387.9)
Depreciation and depletion	(147.9)	(138.7)	(126.0)
Loss on property	-	(1.6)	(9.9)
Operating income	248.7	228.5	173.2
Loss from equity investments	-	(0.1)	(6.6)
Non-operating income (expenses)	(5.1)	(4.9)	(15.0)
Interest charges	(82.0)	(79.8)	(62.8)
Income taxes	(62.9)	(51.3)	(44.3)
Cumulative effect of a change in accounting principle	(3.0)	-	30.1
Net income	95.7	92.4	74.6
Preferred dividends	-	(1.1)	(1.6)
Earnings (loss) available for common stock	$ 95.7	$ 91.3	$ 73.0

Consolidated KCP&L's earnings increased $4.4 million in 2002 compared to 2001, as a result of warmer summer 2002 weather compared to 2001, continued load growth, and a 40% increase in wholesale MWh sales. These factors combined with other net positive impacts of the return to service of Hawthorn No. 5 in mid-2001 to more than offset increased expenses. The increased expenses included $18.0 million of January 2002 ice storm costs and $25.4 million in increased KCP&L administrative and general expenses primarily attributable to increased pension expenses.

The Company adopted SFAS No. 142, effective January 1, 2002. In accordance with SFAS No. 142, the Company completed its transition impairment test of RSAE goodwill and determined that a $3.0 million write-down of goodwill was required. As a result, KCP&L's consolidated 2002 net income reflects the $3.0 million cumulative effect to January 1, 2002, of a change in accounting principle. Ongoing annual impairment tests are required by SFAS No. 142. RSAE completed its first annual impairment test in September 2002. The test indicated no impairment.

Consolidated KCP&L's earnings increased $18.3 million in 2001 compared to 2000, primarily due to the significant net positive impacts of the return to service of Hawthorn No. 5 in mid-2001. A $40.5 million reduction in purchased power expense, primarily in the summer months, combined with reduced fuel cost per MWh generated more than offset the increased KCP&L fuel costs associated with increased MWh's generated and increased operating expenses including a $12.7 million increase in depreciation and a $17.0 million increase in interest charges. KCP&L recorded $12.7 million of additional income taxes in 2000 for a proposed IRS adjustment related to COLI. Additionally, in 2000, HSS recorded a $12.2 million write-down of its investment in RSAE.

Effective January 1, 2000, KCP&L changed its methods of amortizing unrecognized net gains and losses and the determination of expected return related to its accounting for pension expense. Accounting principles required KCP&L to record the cumulative effect of these changes, resulting in a $30.1 million increase in 2000 earnings.

Consolidated KCP&L Sales Revenues and MWh Sales

Retail revenues	2002	% Change	2001 (millions)	% Change	2000
Residential	$ 367.4	5	$ 348.8	(1)	$ 352.1
Commercial	418.6	2	411.8	1	406.3
Industrial	93.7	(10)	103.9	(19)	127.6
Other retail revenues	8.6	3	8.3	2	8.1
Total retail	888.3	2	872.8	(2)	894.1
Wholesale revenues	108.0	36	79.3	78	44.5
Other revenues	13.6	(12)	15.4	15	13.4
KCP&L electric revenues	1,009.9	4	967.5	2	952.0
Subsidiary revenues	61.4	(7)	66.2	*NM	3.7
Consolidated KCP&L revenues	$1,071.3	4	$1,033.7	8	$ 955.7

*NM -- Not meaningful due to 2001 consolidation of RSAE

Retail MWh sales	2002	% Change	2001 (thousands)	% Change	2000
Residential	5,004	6	4,729	-	4,725
Commercial	6,902	2	6,798	2	6,687
Industrial	1,968	(8)	2,130	(21)	2,713
Other retail MWh sales	83	6	78	3	76
Total retail	13,957	2	13,735	(3)	14,201
Wholesale MWh sales	4,969	40	3,558	107	1,718
KCP&L electric MWh sales	18,926	9	17,293	9	15,919

Retail revenues improved slightly in 2002 compared to 2001 due to warmer 2002 summer weather and continued load growth which increased residential and commercial revenues $25.4 million mostly offset by a reduction in industrial revenues. The reduction in industrial revenues was primarily due to a weakened economy and the loss of $4.4 million in revenues from one of KCP&L's major industrial customers. Load growth consists of higher usage-per-customer and the addition of new customers. The average number of both residential and commercial customers increased approximately 2% in 2002 as compared to 2001. Less than 1% of revenues include an automatic fuel adjustment provision.

Excluding the impact of the loss of $22.9 million in revenues from one of KCP&L's major industrial customers, retail revenues and MWh sales remained relatively consistent in 2001 compared to 2000. Extremely mild weather during the second half of 2001 mostly offset the colder winter and warmer spring and early summer weather experienced in the first half of 2001 and continued load growth. The average number of both residential and commercial customers increased approximately 2% in 2001 as compared to 2000.

The major industrial customer declared bankruptcy on February 7, 2001, and closed its Kansas City, Missouri facilities on May 25, 2001. KCP&L has continued to be able to mitigate the effect of the loss with other sales.

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. Wholesale MWh sales increased 40% in 2002 compared to 2001 and 107% in 2001 compared to 2000 due to increased bulk power MWh's sold. Additionally, wholesale sales revenue increased $1.7 million in 2002 compared to 2001 and $2.5 million in 2001 compared to 2000 due to additional capacity sales beginning in the last half of 2001.

KCP&L Fuel and Purchased Power

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 change the fuel cost per MWh generated substantially. Nuclear fuel costs per MWh generated remain substantially less than the cost of coal per MWh generated. Replacement power costs for planned Wolf Creek outages are accrued evenly over the unit's operating cycle. KCP&L expects its cost of nuclear fuel to remain fairly constant through the year 2008. Coal has a significantly lower cost per MWh generated than natural gas and oil. KCP&L's procurement strategies continue to provide delivered coal costs below the regional average. The cost per MWh for purchased power is still significantly higher than the fuel 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, availability and cost of purchased power and the requirements of other electric systems to provide reliable power economically. Fossil plants averaged 74% of total generation and the nuclear plant the remainder over the last three years.

Fuel costs decreased $4.1 million in 2002 compared to 2001, despite a 12% increase in generation. Lower fuel cost per MWh generated due to additional coal and less natural gas and oil in the generation fuel mix was the primary reason for the decline in fuel costs. The return to service of Hawthorn No. 5, a low cost coal-fired unit, in mid-2001 contributed to the change in generation fuel mix. Significantly lower natural gas prices and a reduction in the cost of uranium during 2002 also contributed to the lower fuel cost. Fuel costs increased $10.7 million in 2001 compared to 2000 primarily due to a 13% increase in MWh's generated partially offset by a reduction in the fuel cost per MWh generated. The increase in MWh's generated was primarily due to Hawthorn No. 5, a coal-fired unit, returning to operation in mid-2001 and the impact of the scheduled 2000 outage at Wolf Creek, a nuclear unit. The additional availability of these two low fuel cost units in 2001 changed the generation fuel mix and lowered the cost per MWh generated.

Purchased power expenses decreased $19.0 million in 2002 compared to 2001. Cost per MWh purchased decreased approximately 31% in 2002 compared to 2001 due to regional energy availability, a less volatile energy market and decreased MWh purchases during peak hours. Also contributing to the decrease was a 15% decrease in MWh's purchased due to the increased availability of KCP&L generating units. Purchased power expenses decreased $40.5 million in 2001 compared to 2000 primarily due to a 38% decrease in MWh's purchased in 2001 compared to 2000. The decrease in MWh's purchased was primarily due to the increased availability of KCP&L's generating units during 2001 compared to 2000. Increased availability also allowed KCP&L to reduce its cost of purchased capacity by $7.6 million in 2001 as compared to 2000. In addition, the cost per MWh was down 4% in 2001 compared to 2000.

Consolidated KCP&L Other Operating Expenses (including operating, maintenance and general taxes)

KCP&L's other operating expenses increased $43.0 million in 2002 compared to 2001 primarily due to the following:

- expensing the $16.5 million Kansas jurisdictional portion of the January 2002 ice storm and amortizing $1.5 million of the Missouri jurisdictional portion of the ice storm
- increased administrative and general expenses:

- o $17.7 million increased pension expense due to a significant decline in the market value of plan assets
- o $3.3 million increased injuries and damages expenses resulting from additional claims and the settlement of outstanding claims

o $3.2 million increased general taxes primarily due to increases in property tax levy rates

HSS' other expenses decreased $10.1 million in 2002 compared to 2001 due to the closure of some RSAE locations and the implementation of cost saving strategies at RSAE.

KCP&L's other operating expenses decreased $17.3 million in 2001 compared to 2000 primarily due to the following:

o $3.7 million decreased operating expenses for replacement power insurance because of the availability of Hawthorn No. 5

o decreased administrative and general expenses including:

- o $2.0 million of additional customer information system software consulting in 2000
- o $2.7 million of advertising not continued in 2001
- o $4.5 million decrease in pension expense due to strong returns on plan assets

HSS' other expenses increased $65.3 million primarily due to the consolidation of RSAE following HSS' increase in its ownership from 49% to 72% in 2001.

Consolidated KCP&L Depreciation

Consolidated KCP&L's depreciation expense increased $9.2 million in 2002 compared to 2001 and $12.7 million in 2001 compared to 2000. The primary reason for the increases was increased capital additions relating to Hawthorn No. 5, which was returned to service mid-2001. Additionally, KCP&L paid $40.8 million to exercise its purchase option on the previously leased Hawthorn No. 6 unit in late 2001 and Hawthorn Nos. 7, 8 and 9 units were placed in service in mid-2000.

Consolidated KCP&L Interest Charges

Consolidated KCP&L's interest charges increased $2.2 million in 2002 compared to 2001 and $17.0 million in 2001 compared to 2000 primarily because of increased interest expense on long-term debt and decreased allowance for borrowed funds used to finance construction, partially offset by a decreased interest expense on short-term debt. A portion of the proceeds from long-term debt issuances has been used to pay down short-term debt.

Long-term debt interest expense

KCP&L's long-term debt interest expense increased $3.0 million in 2002 compared to 2001, primarily due to higher average levels of long-term debt outstanding. Lower average rates on variable rate long-term debt partially offset the higher average levels of long-term debt. The higher average levels of debt outstanding primarily reflect the issuances of long-term debt in 2001 and the 2002 issuance of $225.0 million of unsecured, fixed-rate senior notes partially offset by $227.0 million of scheduled debt repayments during 2002.

KCP&L's long-term debt interest expense increased $12.3 million in 2001 compared to 2000 reflecting higher average levels of long-term debt outstanding, partially offset by the impact of decreases in variable interest rates. The higher average levels of debt primarily reflect the issuances of long-term debt in 2000 and $150.0 million of unsecured, fixed-rate senior notes issued in November 2001, partially offset by $80.0 million of scheduled debt repayments.

Short-term debt interest expense

KCP&L's short-term debt interest expense decreased $7.7 million in 2002 compared to 2001. Average interest rates were down more than 50% and average levels of outstanding commercial paper were down more than 70% in 2002 compared to 2001. KCP&L had no commercial paper outstanding at December 31, 2002.

KCP&L's short-term debt interest expense decreased $2.2 million in 2001 compared to 2000 primarily due to lower average interest rates on commercial paper, partially offset by higher average levels of outstanding commercial paper during 2001 compared to 2000. KCP&L had $62.0 million and $55.6 million of commercial paper outstanding at December 31, 2001 and 2000, respectively.

Capitalized interest

Allowance for borrowed funds used to finance construction decreased $8.2 million in 2002 compared to 2001 and $3.0 million in 2001 compared to 2000 because of decreased construction work in progress primarily due to the return to service of Hawthorn No. 5 in mid-2001.

Wolf Creek

Wolf Creek, a nuclear unit, represents about 15% of KCP&L's generating capacity. This percentage will decline slightly with KCP&L's expected 2003 addition of five leased combustion turbines. Wolf Creek's operating performance has remained strong over the last three years, contributing an average of 26% of KCP&L's annual MWh generation while operating at an average capacity of 92%. Wolf Creek has the lowest fuel cost per MWh generated of any of KCP&L's generating units.

KCP&L accrues the incremental operating, maintenance and replacement power costs for planned outages evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced. Wolf Creek returned to service on April 27, 2002, following a 35-day refueling and maintenance outage that began on March 23, 2002. During the outage, a complete inspection of the reactor vessel head indicated no corrosion or other problems of the type experienced at the Davis-Besse nuclear plant in Ohio. The next outage is scheduled for the fall of 2003 and is estimated to be a 35-day outage.

Wolf Creek's assets represent about 33% of KCP&L's assets and its operating expenses represent about 19% of KCP&L's operating expenses. An extended shut-down of Wolf Creek could have a substantial adverse effect on KCP&L's business, financial condition and results of operations because of higher replacement power and other costs. Although not expected, the NRC could impose an unscheduled plant shut-down, reacting to safety concerns at the plant or other similar nuclear units. If a long-term shut-down occurred, the state regulatory commissions could reduce rates by excluding the Wolf Creek investment from rate base.

There has been significant opposition and delays to, development of a low-level radioactive waste disposal facility. See Note 10 to the consolidated financial statements for additional information. An inability to complete this project would require KCP&L to write-off its net investment in the project, which was $7.4 million at December 31, 2002. KCP&L, and the other owners of Wolf Creek, could also still be required to participate in development of an alternate site.

Ownership and operation of a nuclear generating unit exposes KCP&L to risks regarding decommissioning costs at the end of the unit's life and to potential retrospective assessments and property losses in excess of insurance coverage. These risks are more fully discussed in the related sections of Notes 1 and 10 to the consolidated financial statements.

Montrose No. 3

Montrose No. 3, a 176 MW unit, returned to service at the end of the third quarter 2002 following a forced outage due to damage to the turbine blades in the combined high and intermediate pressure section of the turbine. Additional maintenance, including replacing blades in the low pressure section of the turbine to mitigate a long outage in the next few years and maintenance originally scheduled for

October 2002, was also completed during the three-month outage. The unanticipated outage costs were approximately $4.3 million of capital expenditures, $0.9 million in additional operations and maintenance expense and $4.0 million in net fuel and purchased power expense in 2002. These amounts do not reflect the $1.0 million expected to be recovered from insurance in 2003.

Hawthorn No. 5
On June 20, 2001, Hawthorn No. 5 was returned to commercial operation. The coal-fired unit has a capacity of 565 megawatts and was rebuilt following a February 1999 explosion that destroyed the boiler. Hawthorn No. 5 has been nationally recognized in the 2001 National Energy Policy Report for its use of best available pollution control technology. Under KCP&L's property insurance coverage, KCP&L received an additional $30 million in insurance recoveries in 2001, increasing the total insurance recoveries received to date to $160 million. The recoveries have been recorded as an increase in accumulated depreciation on the consolidated balance sheet. Expenditures, excluding capitalized interest and insurance proceeds, for rebuilding Hawthorn No. 5 were $35.6 million in 1999, $207.6 million in 2000, and $72.9 million in 2001.

KCP&L Projected Utility Capital Expenditures
Total utility capital expenditures, excluding allowance for funds used to finance construction, were $132.0 million, $262.0 million and $401.0 million in 2002, 2001, and 2000, respectively. Utility capital expenditures projected for the next five years are as follows:

	2003	2004	2005	2006	2007	Total
			(millions)			
Generating facilities	$ 36.6	$ 42.2	$ 46.9	$ 28.5	$ 18.9	$173.1
Nuclear fuel	20.5	21.0	0.7	23.1	25.0	90.3
Distribution and transmission facilities	73.8	75.8	73.1	74.0	71.5	368.2
General facilities	6.3	5.8	2.8	2.7	1.1	18.7
Total	$137.2	$144.8	$123.5	$128.3	$116.5	$650.3

This utility capital expenditure plan is subject to continual review and change. KCP&L is currently evaluating various purchase and construction options to meet capacity and energy requirements in 2005 through 2010. Consequently, the table does not reflect utility capital expenditures for new capacity.

Peaking capacity totaling 385 megawatts is being added pursuant to a $176 million construction and operating lease transaction as discussed in the KCP&L Business Overview.

Strategic Energy

Strategic Energy Business Overview
Strategic Energy provides power supply coordination services by entering into long-term contracts with its customers to supply electricity that Strategic Energy purchases under long-term contracts to manage its customers electricity needs. In return, Strategic Energy receives an ongoing management fee, which is included in the contracted sales price for the electricity. Strategic Energy operates in several electricity markets offering retail choice, including Pennsylvania, California, Ohio, New York, Massachusetts and Texas. Strategic Energy is targeting expansion into two additional states in 2003, which would expand its operations into eight of the sixteen states that offer retail choice. Strategic Energy also provides strategic planning and consulting services in the natural gas and electricity markets.

In the normal course of business, Great Plains Energy and KLT Inc. enter into various agreements providing financial or performance assurance to third parties on behalf of Strategic Energy. 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 Strategic Energy on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish Strategic Energy's intended business purposes.

In 2001, KLT Energy Services exchanged its ownership of $4.7 million of preferred stock in another energy service company for additional ownership in Strategic Energy. This transaction increased KLT Energy Services' indirect ownership in Strategic Energy from 72% to 83%. During the fourth quarter of 2002, IEC acquired a 6% indirect ownership position in Strategic Energy in exchange for $15.1 million in common stock and notes issued by Great Plains Energy and IEC. As of December 31, 2002, Great Plains Energy's indirect ownership in Strategic Energy totals 89%.

In 2000, Strategic Energy also provided retail gas services to commercial, institutional and small manufacturing customers. Strategic Energy elected to exit this business in the first quarter of 2001 to focus on power supply coordination services and had phased out of retail gas services at the end of 2001. Strategic Energy made this decision after evaluating the organizational demands, growth prospects and relative levels of profitability of both businesses. As the marketplace and Strategic Energy's business evolves, Strategic Energy may elect to re-enter the market for retail gas services.

At December 31, 2002, Strategic Energy provided power supply coordination services on behalf of approximately 33,100 commercial, institutional and small manufacturing accounts. Strategic Energy's customer base is very diverse. Strategic Energy served over 5,200 customers, including numerous Fortune 500 companies, smaller companies, and governmental entities. Based solely on current signed contracts and expected usage, Strategic Energy anticipates future MWh sales of 14.0 million, 8.2 million, 5.3 million, and 1.2 million for the years 2003 through 2006, respectively. Strategic Energy expects to also supply additional MWh sales in these years through growth in existing markets by re-signing existing customers and signing new customers as well as through expansion into new markets.

Strategic Energy enters into forward contracts with multiple suppliers. At December 31, 2002, Strategic Energy's five largest suppliers under forward supply contracts represented 69% of the total future committed purchases. In the event of supplier non-delivery or default, Strategic Energy's results of operations could be affected to the extent that 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 market risk with the supplier. Strategic Energy's results of operations could also be affected, in a given period, if it was required to make a payment upon termination of a supplier contract to the extent that the contracted price with the supplier exceeded the market value of the contract. Strategic Energy monitors its counterparty credit risk by evaluating the credit quality and performance of its suppliers on a routine basis and by, among other things, adjusting the amount of collateral required from its suppliers, as part of its risk management policy and practices.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. As a result of supplying electricity to retail customers under fixed rate contracts, Strategic Energy's policy is to match customers' demand with fixed price purchases. In certain markets where Strategic Energy operates, entering into forward fixed price contracts is cost prohibitive. By entering into swap contracts for a portion of its forecasted purchases in these markets, the future purchase price of electricity is effectively fixed under these swap contracts. The swap contracts limit the unfavorable effect that price increases will have on electricity purchases. Under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", all of the swap agreements are currently designated as cash flow hedges resulting in the difference between the market value of energy and the hedge value being recorded as comprehensive income (loss). At December 31, 2002 and 2001, the accumulated comprehensive gain (loss), net of income taxes and minority interest, reflected in Great Plains Energy's consolidated statements of capitalization included a $0.8 million gain and $11.7 million loss, respectively, related to such cash flow hedges. However, substantially all of the energy hedged with the swaps has been sold to customers through contracts at prices different than the fair market value used to value the swaps. Therefore, Strategic Energy does not anticipate realizing the gain (loss) represented in comprehensive income.

During the third quarter of 2002, the FERC issued a Notice of Proposed Rulemaking to Remedy Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design. The proposed rulemaking is designed to establish a single non-discriminatory open access transmission tariff with a single transmission service that is applicable to all users of the interstate transmission grid. Strategic Energy has evaluated the impact of the proposed rulemaking on its operations and provided comments to the FERC that are generally supportive of the provisions of the proposal, but suggested some changes to the proposed rule. The FERC has recently announced that it will issue a white paper on Standard Electricity Market Design in April 2003 and accept comments on that paper before issuing a final rule, which is now expected in the third or fourth quarter of 2003.

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

	2002	2001	2000
		(millions)	
Operating revenues	$789.5	$411.9	$129.6
Purchased power	(685.4)	(329.0)	(84.4)
Revenues, net of purchased power	104.1	82.9	45.2
Other operating expenses	(37.6)	(38.7)	(30.9)
Depreciation	(0.9)	(0.3)	(0.4)
Operating income	65.6	43.9	13.9
Non-operating income (expenses)	(10.4)	(6.4)	(4.2)
Interest charges	(0.3)	(0.5)	(0.2)
Income taxes	(25.2)	(15.2)	(3.6)
Net income	$ 29.7	$ 21.8	$ 5.9

Strategic Energy's net income increased $22.9 million in 2002 compared to 2001, excluding earnings during 2001 of $15.0 million from the sale of power purchased from one supplier under wholesale contracts that expired at the end of 2001. The increased net income in 2002 compared to 2001 is primarily due to continued growth in retail electric sales from the expansion into new markets and continued sales efforts in existing markets, partially offset by increased labor and benefits as well as other general and administrative expenses and income taxes due to increased sales in states with higher income tax rates. Strategic Energy's net income increased $15.9 million in 2001 compared to 2000, primarily due to growth in retail electric sales and higher earnings during 2001 than in 2000 on wholesale sales of the power supplied under the wholesale contracts discussed above.

Strategic Energy Operating Revenues
Operating revenues from Strategic Energy increased $377.6 million in 2002 compared to 2001 and $282.3 million in 2001 compared to 2000. The following table reflects Strategic Energy's operating revenues.

	2002	% Change	2001	% Change	2000
			(millions)		
Electric - Retail	$759.5	142	$313.3	446	$ 57.4
Electric - Wholesale	28.8	(65)	82.7	58	52.3
Gas and other	1.2	(92)	15.9	(20)	19.9
Total Operating Revenues	$789.5	92	$411.9	218	$129.6

At December 31, 2002, Strategic Energy served over 5,200 customers, an increase from approximately 3,400 customers and 2,000 customers at the end of 2001 and 2000, respectively. These customers represented approximately 33,100 accounts at the end of 2002, compared to about 19,500 accounts and 7,000 accounts at the end of 2001 and 2000, respectively. Strategic Energy may provide periodic billing credits to its customers resulting from its power supply coordination efforts. The amounts credited back to the customer are treated as a reduction of retail electric revenues when determined to be payable.

Retail electric revenues increased $446.2 million in 2002 compared to 2001 primarily due to increased retail MWh sales, partially offset by an 8% decrease in average retail revenues per MWh. Retail MWh's sold increased 162% to 11.8 million in 2002 from 4.5 million in 2001, primarily from continued growth in existing markets and expansion into new markets during 2002. Growth in existing markets came primarily from strong sales efforts in re-signing existing customers as well as signing new customers. Expansion into new markets contributed 2.8 million in MWh sales and approximately $166 million of retail electric revenues during 2002. Several factors contribute to changes in the average retail revenues per MWh, including the underlying price of the commodity, the nature and type of products offered and the mix of sales by geographic market.

Retail electric revenues increased $255.9 million in 2001 compared to 2000 primarily due to an increase in retail MWh sales and an increase in average retail revenues per MWh. Retail MWh's sold increased 221% from 1.4 million in 2000, primarily from growth in existing markets and expansion into new markets during 2001. The increase in average retail revenues per MWh in 2001 compared to 2000 is due to higher bundled product sales in 2001 and expansion into new markets, which had higher average commodity prices than the average for Strategic Energy's existing markets.

Wholesale electric revenues decreased $53.9 million in 2002 compared to 2001 and increased $30.4 million in 2001 compared to 2000 primarily due to the sale of power during 2001 purchased from one supplier under wholesale contracts that expired at the end of 2001.

During the third quarter of 2001, Strategic Energy began to phase out its natural gas retail supply service, which was completely phased out during the fourth quarter of 2001. This is the primary reason for the decrease in gas and other sales revenues in 2002 compared to 2001.

Strategic Energy Purchased Power
To supply its retail contracts, Strategic Energy purchases long-term blocks of electricity under forward contracts in fixed quantities at fixed prices from power suppliers based on projected usage. Strategic Energy sells any excess retail supply of electricity back into the wholesale market. The proceeds from the sale of excess supply of electricity is recorded as a reduction of purchased power. The gross

amount of excess retail supply sales that reduced purchased power was $126.4 million, $95.6 million and $29.5 million in 2002, 2001 and 2000, respectively.

As previously discussed, Strategic Energy operates in several retail choice electricity markets. The cost of supplying electricity to retail customers can vary widely by geographic market. This variability can be affected by many factors including, among other items, geographic differences in the cost per MWh of purchased power and capacity charges due to regional purchased power availability and requirements of other electricity providers and differences in transmission charges. However, Strategic Energy has mitigated the effects of higher supply costs by entering into long-term, full-requirements contracts with customers that are priced to the customers based on the cost of the associated supply contract.

Purchased power increased $356.4 million in 2002 compared to 2001 and $244.6 million in 2001 compared to 2000 primarily due to the increases in electric MWh sales discussed above. Additionally, purchased power expense as a percentage of electric revenues increased in 2002 compared to 2001 primarily due to purchases of power from one supplier during 2001 under wholesale contracts that expired at the end of 2001. Purchased power expense as a percentage of electric revenues also increased in 2001 compared to 2000. The 2001 increase in purchased power as a percentage of electric revenues was due to a significant increase in the percentage of Strategic Energy's total MWh sales derived from retail MWh sales compared to 2000. Strategic Energy's wholesale electric MWh sales in both 2001 and 2000 had a higher gross margin (revenues less cost of energy supplied) than its retail electric MWh sales.

Strategic Energy Other Operating Expenses

Strategic Energy's other operating expenses as a percentage of operating revenues decreased to 4.8% in 2002 from 9.4% and 23.8% in 2001 and 2000, respectively, due to Strategic Energy's efforts in leveraging its infrastructure and the effects of achieving economies of scale. Strategic Energy continued to experience increased labor and benefits as well as other general and administrative expenses during 2002, following the growth in retail electric sales, expansion into new markets and increased fuel management and consulting activities. Other operating expenses in 2001 include the cost of commercial gas sales of about $15.5 million, from Strategic Energy's natural gas retail supply service, which was phased out by the end of 2001. As a result, other operating expenses (excluding the cost of commercial gas sales) increased $14.4 million in 2002 compared to 2001. Contributing to this increase were higher labor and benefit costs from the addition of employees and increasing health care related costs, higher profit sharing and deferred compensation expense which are tied to earnings and financial performance, and higher other general and administrative expenses associated with higher sales volumes, geographic market expansion, and regulatory and market development initiatives. Operating expenses increased $7.8 million in 2001 compared to 2000 primarily due to increased labor and benefits costs from the addition of employees during 2001 as well as increased other general and administrative expenses during 2001, following the pattern of growth in sales and expansion of activities discussed above.

Strategic Energy Non-operating Income (Expenses)

Non-operating income (expenses) includes non-operating income less minority interest expense and non-operating expenses. In 2002 compared to 2001, non-operating income (expenses) increased $4.0 million primarily due to a gain of $1.4 million recognized on the sale of gas contracts during the second quarter of 2001 and an increase in minority interest expense of $2.8 million, which represents the share of Strategic Energy's net income not attributable to Great Plains Energy's indirect ownership interest in Strategic Energy. In 2001 compared to 2000, non-operating income (expenses) increased $2.2 million primarily due to an increase in minority interest expense of $3.6 million, offset by the gain of $1.4 million recognized on the sale of gas contracts during the second quarter of 2001.

KLT Gas

KLT Gas Business Overview

KLT Gas is focused on exploring for, developing and producing unconventional natural gas resources, including coalbed methane properties. KLT Gas believes that unconventional natural gas resources provide an economically attractive alternative source of supply to meet the growing demand for natural gas in North America. Additionally, KLT Gas' management team has experience and expertise in identifying, testing and producing unconventional natural gas properties and, as a result, it believes its expertise provides a competitive advantage in this niche of the exploration and production sector. Because it has a longer, predictable reserve life and lower development cost, management believes unconventional natural gas exploration is inherently lower risk than conventional gas exploration.

Although gas prices have been volatile historically, KLT Gas continues to believe that the long-term future price scenarios for natural gas appear strong. Environmental concerns, especially air quality, and the increased demand for natural gas for new electric generating capacity are contributing to this projected growth in demand.

KLT Gas' properties are located in Colorado, Texas, Wyoming, Kansas, and Nebraska. These leased properties cover approximately 255,000 undeveloped acres. The testing of this acreage is in accordance with KLT Gas' exploration plan and capital budget. KLT Gas estimates capital expenditures of approximately $30 million to $40 million annually for the years 2003 through 2005. The timing of the testing may vary from current plans based upon obtaining the required environmental and regulatory approvals and permits and future changes in market conditions. KLT Gas continues to seek and identify new prospects in addition to its existing portfolio of properties.

In 2002, KLT Gas focused on the acquisition of additional leased acreage and the testing and development of several unconventional natural gas exploration projects. KLT Gas is in the early stages of testing a new prospect in Colorado and continuing pilot development at a Powder River Basin project and two additional projects in the Rocky Mountain region. KLT Gas continued production at its South Texas property.

KLT Gas Results of Operations

The following table summarizes KLT Gas' comparative results of operations.

	2002	2001	2000
		(millions)	
Operating revenues	$ 1.1	$ 0.3	$ 30.5
Other operating expenses	(9.6)	(9.4)	(22.3)
Depreciation and depletion	(2.5)	(1.8)	(6.0)
Gain on property	0.2	23.8	107.9
Operating income (loss)	(10.8)	12.9	110.1
Income from equity investments	-	1.0	3.6
Non-operating income (expenses)	0.8	0.3	5.3
Interest charges	(0.3)	-	(3.5)
Income taxes	10.3	0.1	(36.3)
Net income	$ -	$ 14.3	$ 79.2

KLT Gas is currently testing gas properties following its most recent sale of property during the second quarter of 2001. KLT Gas' 2001 net income included its second quarter Patrick KLT Gas, LLC sale which resulted in a $12.0 million after tax gain. KLT Gas' 2000 net income included its third and fourth quarter sales of producing natural gas properties, resulting in a $68.0 million after tax gain.

KLT Gas Operating Revenues
Operating revenues increased $0.8 million in 2002 compared to 2001 primarily due to the effect of gas hedging activities during 2001, partially offset by declining production at KLT Gas' South Texas property during 2002. Operating revenues decreased $30.2 million in 2001 compared to 2000 primarily due to the sale of producing natural gas properties in the third and fourth quarters of 2000 and the effect of gas hedging activities. KLT Gas unwound the majority of its gas hedge derivatives with an offsetting swap transaction during the second quarter of 2001. The fair market value of the swap was recorded in gas revenues.

KLT Gas Income Taxes
KLT Gas recorded tax credits related to its investment in natural gas properties of $6.5 million, $6.0 million and $7.1 million in 2002, 2001 and 2000, respectively. The law that allowed substantially all of these credits expired at the end of 2002.

Other Non Regulated Activities

Investment in Affordable Housing Limited Partnerships - KLT Investments
KLT Investments Inc.'s (KLT Investments) earnings in 2002 totaled $10.4 million (including an after tax reduction of $5.7 million in its affordable housing investment) compared to earnings of $6.6 million in 2001 (including an after tax reduction of $8.6 million in its affordable housing investment) and earnings of $13.3 million in 2000 (including an after tax reduction of $1.5 million in its affordable housing investment).

Pretax reductions in affordable housing investments were $9.0 million, $13.5 million and $2.4 million in 2002, 2001 and 2000, respectively. Pretax reductions in its affordable housing investments are estimated to be $13 million, $7 million, $7 million, and $6 million for the years 2003 through 2006, respectively. The reductions in 2002, 2001 and 2000 and estimated future reductions are based on comparisons of the cost for those properties accounted for by the cost method to the total projected residual value of the properties and remaining tax credits to be received. These projections are based on the latest information available but the ultimate amount and timing of actual reductions could be significantly different from the above estimates. The properties underlying the partnership investment are subject to certain risks inherent in real estate ownership and management. Even after the estimated reductions, earnings from the investments in affordable housing are expected to be positive for the next four years.

KLT Investments accrued tax credits related to its investments in affordable housing limited partnerships of $19.3 million, $19.2 million and $19.2 million in 2002, 2001 and 2000, respectively.

Subsidiary of KLT Telecom Files for Bankruptcy - DTI
The accounting treatment related to DTI and its 2001 bankruptcy is complex and is addressed in greater detail in Note 19 to the consolidated financial statements; consequently, Note 19 in its entirety is incorporated by reference in this portion of Management's Discussion and Analysis and should be read as a component of this discussion.

In 1997, KLT Telecom originally purchased, for $45 million, a 47% equity ownership of DTI, a facilities-based telecommunications company headquartered in St. Louis. DTI's operating losses reduced this original equity investment to zero by June 2000. In February 2001, KLT Telecom increased its ownership to 83.6% by purchasing additional shares at a cost of approximately $40 million, and in conjunction with such purchase made a $94 million loan to Holdings. Also in February 2001, KLT

Telecom made a commitment to obtain or arrange a $75 million revolving credit facility for Digital Teleport Inc. KLT Telecom loaned Digital Teleport Inc. $47 million during 2001 under this and other arrangements. DTI intended to refinance part of these loans. However, a new senior credit facility from bank lenders was not obtained due to, among other things, the downturn in the telecommunications industry.

Starting in the second quarter of 2001, DTI conserved cash by more narrowly focusing its strategy to providing connectivity in secondary and tertiary markets in a five state region. DTI actively explored its strategic alternatives including a merger, sale of assets and all other types of recapitalization including bankruptcy. DTI originally thought that the industry downturn would be only temporary. However, during the fourth quarter the combination of a lack of additional financing, continued decline of the telecommunication industry, and the cash requirements of maintaining its long-haul assets resulted in DTI making the decision to abandon certain of its long-haul assets and file for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

On December 31, 2001, a subsidiary of KLT Telecom, Holdings and its subsidiaries, Digital Teleport and Digital Teleport of Virginia, Inc., filed separate voluntary petitions in Bankruptcy Court for the Eastern District of Missouri for reorganization under Chapter 11 of the U.S. Bankruptcy Code. These cases have been consolidated for joint procedural administration. Holdings and its two subsidiaries are collectively called "DTI". The filings enable DTI to continue to conduct its business operations while attempting to resolve its financial obligations. KLT Telecom agreed to provide up to $5 million in a DIP Loan to Digital Teleport for a term of 18 months during the bankruptcy process if it achieves certain financial goals. The Bankruptcy Court approved the DIP Loan on February 18, 2002, but no advances have been made under the DIP Loan to date.

In December 2002, Digital Teleport entered into an agreement to sell substantially all of its assets (Asset Sale) to CenturyTel Fiber Company II, LLC (Century Tel), a nominee of CenturyTel, Inc. (Asset Purchase Agreement). The Asset Sale was approved by the Bankruptcy Court on February 13, 2003, but the Asset Purchase Agreement contains conditions to closing which include among other items the receipt of all necessary regulatory approvals, which must either be satisfied or waived by July 15, 2003.

In the Digital Teleport bankruptcy case, KLT Telecom, KLT Inc., KCP&L, Great Plains Energy, Digital Teleport and the Official Unsecured Creditors Committee of Digital Teleport entered into a Settlement Agreement as of December 23, 2002 (Teleport Settlement Agreement). The Teleport Settlement Agreement, if approved by the Bankruptcy Court, resolves all material issues and disputes among the parties to that agreement. The Teleport Settlement Agreement does not resolve any claims that Holdings or its creditors may have against the Company; however, as discussed below, settlement discussions have commenced in the Holdings bankruptcy case. Digital Teleport and Digital Teleport of Virginia have prepared a Chapter 11 plan (Chapter 11 Plan) and disclosure statement reflecting the Asset Sale and the terms of the Teleport Settlement Agreement and expect that a confirmation hearing will be held by the Bankruptcy Court in May 2003. The Chapter 11 Plan contemplates that Digital Teleport and Digital Teleport of Virginia will be liquidated after distribution of those companies' assets to their creditors pursuant to the Chapter 11 Plan and the Teleport Settlement Agreement.

In an objection to a motion by Digital Teleport for an extension of time in which to propose a Chapter 11 plan, the largest creditor of Holdings (the Creditor) asserted that Holdings, Digital Teleport and their creditors have claims against KLT Telecom, KLT Inc., KCP&L and Great Plains Energy based on theories of breach of contract, fraudulent conveyance, recharacterization of debt, subordination and breach of fiduciary duty. Among other things, the Creditor asserted that certain tax benefits should have been paid to Holdings and Digital Teleport, rather than to KLT Telecom as provided in the October 1, 2001 Great Plains Energy tax allocation agreement. The Creditor has not otherwise pursued these claims at this time, and the Company believes that it has meritorious defenses to these claims. Further, Holdings, the principal creditors of Holdings (including the Creditor), KLT Telecom, KLT Inc., KCP&L, and Great Plains Energy are in the process of negotiating a separate settlement agreement which, if finalized and approved by the Bankruptcy Court, is anticipated to resolve the Holdings bankruptcy case and any claims that might be asserted in the Holdings bankruptcy case against the Company, and to provide payment to the creditors of Holdings from a portion of the proceeds KLT Telecom otherwise would receive from the Asset Sale. If the separate settlement agreement is finalized, it is anticipated that the Chapter 11 Plan will be modified to add Holdings as a proponent and to include the terms of the Holdings Settlement Agreement. For further information regarding the DTI bankruptcy proceedings, see Note 19 to the consolidated financial statements.

The operating results of DTI have been included for the period February 8, 2001 (date of acquisition) through September 30, 2001, for consolidated KCP&L and through December 31, 2001, for Great Plains Energy. Because of DTI's bankruptcy filings, KLT Telecom no longer has control over nor can it exert significant control over DTI. As a consequence, as of December 31, 2001, DTI was de-consolidated and is presented on the cost basis. Consequently, KLT Telecom did not include in its financial results the ongoing results of operations, earnings or losses incurred by DTI during 2002 and will not do so during the remaining period of the DTI bankruptcy proceedings.

Because of the bankruptcy filings, a $195.8 million net write-off was included in (Gain) Loss on Property in operating expenses on Great Plains Energy's 2001 Consolidated Statement of Income. A corresponding tax benefit of $55.8 million was included in income taxes. The net impact of the bankruptcy to income was a $140.0 million reduction.

Income taxes reported in 2001 do not reflect the entire effect of the net write-off because of the uncertainty of recognizing future tax deductions while in the bankruptcy process. If additional DTI assets are abandoned or sold during the bankruptcy process, or additional tax losses not already reflected are incurred by DTI, future tax benefits will be recorded.

Other

During 2001, KLT Energy Services wrote off its $6.2 million investment in the common stock of Bracknell due to a decline in its share price and the bankruptcy filing of one of Bracknell's subsidiaries. In 2000, KLT Inc. realized losses on its investment in CellNet Data Systems Inc. (CellNet) of $3.1 million after tax.

Significant Balance Sheet Changes

(December 31, 2002 compared to December 31, 2001)

- Great Plains Energy's receivables increased $48.9 million primarily due to a $48.4 million increase in Strategic Energy's receivables as a result of the strong growth in its power supply coordination services and a $7.7 million increase in consolidated KCP&L's receivables partially offset by a $4.7 million decrease in KLT Gas' receivables. Consolidated KCP&L's receivables increased primarily due to a $7.3 million increase in KCP&L's receivables due to an increase in bulk power sales.
- Great Plains Energy's affordable housing limited partnerships decreased $12.5 million primarily due to a reduction in the valuation of the properties held by KLT Investments.
- Great Plains Energy's goodwill increased $9.0 million due to an increase of $12.0 million related to IEC's purchase of a 6% indirect ownership interest in Strategic Energy partially offset by a decrease in consolidated KCP&L goodwill of $3.0 million due to the cumulative effect write-down of goodwill at RSAE.
- Great Plains Energy's other deferred charges increased $8.6 million primarily due to an $8.5 million increase in consolidated KCP&L's other deferred charges. Consolidated KCP&L's other deferred charges increase was primarily due to a $4.3 million increase in KCP&L's fair value of interest rate hedging derivatives and a $3.8 million increase in intangible assets at RSAE

reflecting the purchase of a trademark and logo and the extension of an employment contract and non-compete agreement with a key employee.

- Great Plains Energy's notes payable decreased $99.7 million primarily due to Great Plains Energy paying down $110.0 million of its short-term credit facility with proceeds from the November 2002 equity offering. This decrease was partially offset by Great Plains Energy borrowings in 2002 primarily used to make a capital contribution to KCP&L and a $3.4 million increase in consolidated KCP&L's notes payable due to additional borrowing by RSAE on its short-term credit facility for general corporate purposes.
- Great Plains Energy's and consolidated KCP&L's commercial paper decreased $62.0 million primarily due to KCP&L paying down commercial paper with cash flow from operations and a capital contribution from Great Plains Energy.
- Great Plains Energy's current maturities of long-term debt decreased $104.7 million primarily due to a $102.5 million decrease in consolidated KCP&L's current maturities of long-term debt. Consolidated KCP&L's decrease was primarily due to refinancing $200.0 million of maturing KCP&L medium-term notes with the issuance of KCP&L unsecured senior notes and a $27.0 million decrease due to KCP&L retiring medium-term notes partially offset by a $124.0 million increase in the current portion of KCP&L's medium-term notes.
- Great Plains Energy's and consolidated KCP&L's Environmental Improvement Revenue Refunding (EIRR) bonds classified as current decreased $96.5 million due to the remarketing of $146.5 Series 1998 A, B and D bonds to a five-year term offset by $50.0 million of Series 1998 C bonds classified as current due to the scheduled remarketing in August 2003.
- Great Plains Energy's accounts payable increased $1.6 million primarily due to a $42.5 million increase in Strategic Energy's accounts payable as a result of the strong growth in its power supply coordination services, mostly offset by a $35.4 million decrease in consolidated KCP&L's accounts payable and a $5.4 million decrease in KLT Gas' accounts payable. Consolidated KCP&L's accounts payable decreased primarily due to the timing of cash payments by KCP&L.
- Great Plains Energy's and consolidated KCP&L's pension liability increased $44.6 million primarily due to KCP&L's $42.2 million additional minimum pension liability as a result of a significant decline in the market value of pension plan assets.
- Great Plains Energy's combined accrued taxes liability and current income tax asset increased $46.0 million to a liability of $29.3 million primarily due to a $49.6 million increase in consolidated KCP&L's accrued tax. Consolidated KCP&L's increase is primarily due to a $50.4 million increase in KCP&L's accrued tax due to the timing of income tax payments.

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 from its subsidiaries and proceeds from the sale of its securities.

Great Plains Energy's capital requirements are principally comprised of KCP&L's utility capital expenditures, KLT Gas' capital expenditures, and KCP&L's pension benefit plan funding requirements discussed below. Capital expenditures are discussed in Management's Discussion and Analysis consolidated KCP&L and KLT Gas sections. Additional cash and capital requirements for the companies, including long-term debt requirements, are discussed below.

Great Plains Energy's liquid resources at December 31, 2002, included cash flows from operations of subsidiaries, $65.3 million cash on hand and $367.0 million of unused bank lines of credit. The unused lines consisted of $126.0 million from KCP&L's short-term bank lines of credit, $30.0 million from Strategic Energy's bank line of credit, and $211.0 million from Great Plains Energy's revolving credit facilities.

Great Plains Energy terminated its $129 million bridge revolving credit facility in the first quarter of 2002 and replaced it with a $205 million 364-day revolving credit facility syndicated with a group of banks. Also during 2002, Great Plains Energy entered into a $20 million 364-day revolving credit facility with a bank. The $205 million facility contains a material adverse change (MAC) clause that requires Great Plains Energy to represent, prior to receiving any funding, that no MAC has occurred. The $20 million facility does not contain a MAC clause. Great Plains Energy's available liquidity under these facilities is not impacted by a decline in credit ratings unless the downgrade occurs in the context of a merger, consolidation or sale. The Company is currently negotiating the renewal and consolidation of these facilities.

Strategic Energy increased its bank line of credit in 2002 to $30 million from $10 million. The line of credit contains a MAC clause. This agreement requires Strategic Energy to represent, prior to receiving any funding, that no MAC has occurred.

KCP&L's primary sources of liquidity are cash flows from operations and bilateral credit lines totaling $126.0 million with six banks (as of December 31, 2002). KCP&L uses these lines to provide support for its issuance of commercial paper, which had all been repaid at December 31, 2002. These bank facilities are each for a 364-day term and mature at various times throughout the year. Four of the facilities totaling $76.0 million can be extended for one year under their term out provisions. KCP&L has MAC clauses in two agreements covering $50.0 million of available bilateral credit lines. These two agreements require KCP&L to represent, prior to receiving any funding, that no MAC has occurred. KCP&L's available liquidity under these facilities is not impacted by a decline in credit ratings unless the downgrade occurs in the context of a merger, consolidation or sale. A default by KCP&L on other indebtedness is a default under these bank line agreements. Under the terms of certain bank line agreements, KCP&L is required to maintain a consolidated indebtedness to consolidated capitalization ratio not greater than 0.65 to 1.0 at all times. At December 31, 2002, the consolidated indebtedness to consolidated capitalization ratio calculated in accordance with the covenant was 0.60 to 1.0; therefore, the Company was in compliance with the covenant.

Under the indenture relating to KCP&L's 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037 (Debentures), which are held by KCP&L Financing I, KCP&L may not declare or pay any dividends on any shares of its capital stock if at the time (i) there is an event of default (as defined in the indenture), (ii) KCP&L is in default with respect to its payment of any obligations under its guarantee of preferred securities issued by KCP&L Financing I, or (iii) KCP&L has elected to defer payments of interest on the Debentures.

Great Plains Energy has agreements with KLT Investments associated with notes KLT Investments issued to acquire its affordable housing investments. Prior to forming Great Plains Energy, KCP&L had these agreements. Great Plains Energy agreed not to take certain actions including, but not limited to, merging, dissolving or causing the dissolution of KLT Investments, or withdrawing amounts from KLT Investments if the withdrawals would result in KLT Investments to not be in compliance with minimum net worth and cash balance requirements. The agreements also give KLT Investments' lenders the right to have KLT Investments repurchase the notes if Great Plains Energy's senior debt rating falls below investment grade, or if Great Plains Energy ceases to own at least 80% of KCP&L's stock. At December 31, 2002, KLT Investments had $19.7 million in outstanding notes, including current maturities.

Pursuant to agreements with the MPSC and the KCC, KCP&L maintains its common equity at not less than 35% of total capitalization. Additionally, Great Plains Energy maintains its consolidated common equity at no less than 30% of total consolidated capitalization.

KCP&L's consolidated statements of cash flows include KLT Inc. and GPP for all the periods prior to the October 1, 2001 formation of the holding company. The presentation of the prior years statements of cash flows for Great Plains Energy is provided for comparative purposes and is identical to the statements of cash flows for consolidated KCP&L, prior to the formation of the holding company. The effect of DTI on the statements of cash flows is detailed in Note 19 to the consolidated financial statements.

Great Plains Energy and consolidated KCP&L generated positive cash flows from operating activities for all periods presented. The increase for Great Plains Energy and consolidated KCP&L in 2002 compared to 2001 is due to the changes in working capital detailed in Note 2 to the consolidated financial statements. The individual components of working capital vary with normal business cycles and operations. Also, the timing of the Wolf Creek outage affects the refueling outage accrual, deferred income taxes and amortization of nuclear fuel. The increase for Great Plains Energy and consolidated KCP&L in 2001 compared to 2000 is due to increased net income before non-cash expenses. The increased net income before non-cash expenses was partially offset by the changes in working capital detailed in Note 2 to the consolidated financial statements.

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. With KCP&L's mid-2001 completion of the rebuild of Hawthorn No. 5, utility capital expenditures and the allowance for borrowed funds used during construction decreased $139.1 million in 2002 compared to 2001 and $142.0 million in 2001 compared to 2000. The decreases in 2002 compared to 2001 would have been greater if not for $14.7 million of KCP&L capital expenditures as a result of the January 2002 ice storm. Cash used for purchases of investments and nonutility property in 2002 compared to 2001 decreased primarily reflecting KLT Telecom's 2001 investments in DTI and DTI's 2001 purchases of telecommunications property. The increase in 2001 compared to 2000 for the DTI investments and purchased property was partially offset by KLT Gas' investments in gas properties during 2000. Proceeds from the sale of properties decreased significantly in 2002 compared to 2001 because of KLT Gas' 2001 sale of its equity ownership in Patrick KLT Gas, LLC. Proceeds from the sale of properties also decreased significantly in 2001 compared to 2000 because the proceeds from the sale of KLT Gas properties in 2000 more than offset the 2001 sale.

Great Plains Energy completed a public offering of 6.9 million of Great Plains Energy common shares at $22 per share, raising $151.8 million in gross proceeds in late 2002. Expenses to issue the stock totaled $6.1 million, which is included in other financing activities. Great Plains Energy repaid $178.8 million of debt balances in 2002 compared to net borrowings in 2001 of $197.2 million. Included in the Great Plains Energy's amounts, consolidated KCP&L repaid $57.2 million of debt balances in 2002 compared to net borrowings of $171.0 million in 2001. The repayments in 2002 compared to the borrowings in 2001 reflect decreased investing activities in utility capital expenditures, nonutility property and investments discussed above. Cash from Great Plains Energy financing activities increased in 2001 compared to 2000 primarily because short-term borrowings increased $140.7 million in 2001 compared to a $183.1 million decrease in 2000. However, this change in short-term borrowings was partially offset by a $264.1 million decrease in long-term debt issuances, net of repayments. Cash from consolidated KCP&L financing activities increased similarly in 2001 compared to 2000, but exclude the fourth quarter 2001 $99.5 million repayment of KLT Inc.'s bank credit agreement and a fourth quarter 2001 $124.0 million increase in short term borrowings by Great Plains Energy.

On November 7, 2002, Great Plains Energy entered into an Agreement and Plan of Merger (Agreement) with ELC, the ELC shareholders and IEC, a wholly-owned subsidiary of Great Plains Energy. The ELC Shareholders received $15.1 million in merger consideration. As part of the merger consideration, on November 7, 2002, Great Plains Energy issued 387,596 additional shares of its common stock to the ELC Shareholders. The Agreement valued such shares at approximately $8 million. The remainder of the merger consideration was in short-term notes, which were paid in January 2003.

In early 2003, KCP&L received a total of approximately $100 million as an equity contribution from Great Plains Energy. KCP&L repaid $104.0 million of medium-term notes included in current maturities on its December 31, 2002, balance sheet.

The Company's common dividend payout ratio was 81% (excluding the cumulative effect of a change in accounting principle) in 2002, 104% (excluding the extraordinary item and the DTI net write-off) in 2001, and 81% (excluding the cumulative effect of changes in accounting principles) in 2000. See the Results of Operations sections for discussion of significant factors impacting earnings in 2002, 2001 and 2000.

KCP&L expects to meet day-to-day operating requirements including interest payments, construction requirements (excluding new generating capacity) and dividends with internally-generated funds. However, it might not be able to meet these requirements with internally-generated funds because of the effect of inflation on operating expenses, the level of MWh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. The funds Great Plains Energy and consolidated KCP&L need to retire maturing debt (detailed below) 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.

Great Plains Energy filed a registration statement in April 2002 for the issuance of an aggregate amount up to $300 million of any combination of senior debt securities, subordinated debt securities, trust preferred securities, convertible securities, or common stock. The registration statement became effective in November 2002 and Great Plains Energy issued $151.8 million of common stock. The proceeds were used for repayment of debt and general corporate purposes.

As a registered public utility company, Great Plains Energy must receive authorization from the SEC under the 35 Act to issue equity or debt. Great Plains Energy is currently authorized to issue up to $450.0 million of debt and equity. Great Plains Energy has utilized $423.8 million of this amount as follows: (i) $39.0 million in preferred stock issued in connection with the October 1, 2001, reorganization; (ii) $225.0 million in revolving credit facilities and (iii) $159.8 million in common equity issued in a public offering and in connection with IEC's acquisition of an indirect ownership interest in Strategic Energy. Great Plains Energy is seeking an additional $750 million in authorization from the SEC and anticipates the SEC will act on the application in 2003.

In 2002, KCP&L issued $225 million of 6.0% unsecured senior notes, maturing in 2007. The proceeds from the issuance were primarily used to refinance maturing unsecured medium-term notes.

KCP&L plans to file a registration statement in 2003 for up to $255 million in debt securities. This will preserve KCP&L's flexibility to access the capital markets for long-term debt if required.

KCP&L has entered into a revolving agreement, which expires in October 2003, to sell all of its right, title and interest in the majority of its customer accounts receivable to Receivables Company, which in turn sells most of the receivables to outside investors. KCP&L expects the agreement to be renewed annually. See Note 3 to the consolidated financial statements.

Pensions

KCP&L maintains defined benefit plans for substantially all of its employees. Our policy is to fund the plan on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants consistent with the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Contributions of $1.6 million and $1.0 million were made in 2002 and 2001, respectively.

Due to sharp declines in the debt and equity markets since the third quarter of 2000, the value of assets held in the trusts to satisfy pension plan obligations has decreased significantly. As a result, under the minimum funding requirements of ERISA, KCP&L will be required to fund approximately $9.7 million and $20.9 million during 2003 and 2004, respectively. Management believes KCP&L has adequate access to capital resources through cash flows from operations or through existing lines of credit to support this funding.

Participants in the plans may request a lump-sum cash payment upon termination of their employment, which could result in increased cash requirements from pension plan assets and KCP&L being required to accelerate future funding. While it is difficult to estimate future cash requirements due to uncertain market conditions and other factors, additional funding may be required in future years.

Under the terms of the pension plans, KCP&L reserves the right to amend or terminate the plans, and from time to time benefits have changed. See Note 7 to the consolidated financial statements for further discussion.

Credit Ratings

At December 31, 2002, the major credit rating agencies rated the Companies' securities as follows:

	Moody's Investor Service	Standard and Poor's
Great Plains Energy		
Outlook	Negative	Stable
Corporate Credit Rating	-	BBB
Bank Credit Facility	Baa2	-
Preferred Stock	Ba1	BB+
Senior Unsecured Debt	Baa2 (preliminary)	BBB- (preliminary)
Subordinated Debt	Baa3 (preliminary)	BBB- (preliminary)
KCP&L		
Outlook	Negative	Stable
Senior Secured Debt	A1	BBB
Senior Unsecured Debt	A2	BBB
Commercial Paper	P-1	A-2

These ratings reflect the current views of these rating agencies and no assurances can be given that these ratings will continue for any given period of time. The Companies view maintenance of strong credit ratings as being extremely important; however, and to that end, an active and ongoing dialogue is maintained with the agencies with respect to the Companies' results of operations, financial position, and future prospects.

None of the Companies' outstanding debt, except for the notes associated with affordable housing investments discussed above, is impacted by a decline in credit ratings, which would cause the acceleration of interest and/or principal payments in the event of a ratings downgrade, unless the downgrade occurs in the context of a merger, consolidation, or sale. However, in the event of a downgrade the Companies and/or their subsidiaries may be subject to increased interest costs on their credit facilities. Additionally, in one bond agreement, KCP&L has agreed to limits on its ability to issue additional mortgage bonds based on the bond's credit ratings. See Note 15 to the consolidated financial statements.

Supplemental Capital Requirements and Liquidity Information

The following information is provided to summarize cash obligations and commercial commitments.

Great Plains Energy Contractual Cash Obligations

Payment due by period	2003	2004	2005	2006	2007	After 2007	Total
				(millions)			
Long-term debt,							
including current maturities	$ 134.1	$ 60.6	$ 254.2	$ 2.6	$ 227.0	$ 507.6	$1,186.1
Lease obligations	30.1	33.9	36.1	37.2	14.7	114.7	266.7
Other long-term obligations, net	588.2	360.8	267.5	68.5	20.9	160.4	1,466.3
Total contractual obligations	$ 752.4	$ 455.3	$ 557.8	$ 108.3	$ 262.6	$ 782.7	$2,919.1

Consolidated KCP&L Contractual Cash Obligations

Payment due by period	2003	2004	2005	2006	2007	After 2007	Total
				(millions)			
Long-term debt,							
including current maturities	$ 124.9	$ 55.8	$ 250.9	$ 0.9	$ 226.5	$ 507.3	$1,166.3
Lease obligations	29.2	33.2	35.6	36.8	14.3	114.3	263.4
Other long-term obligations, net	87.8	61.3	45.4	18.4	12.3	148.8	374.0
Total contractual obligations	$ 241.9	$ 150.3	$ 331.9	$ 56.1	$ 253.1	$ 770.4	$1,803.7

Long-term debt, including current maturities excludes $0.9 million discount on senior notes and the $4.3 million fair value adjustment to the EIRR bonds related to SFAS No. 133. EIRR bonds classified as current liabilities of $81 million due 2017 are included here on their final due date. See Note 15 to the consolidated financial statements.

Lease obligations includes capital and operating lease obligations; capital lease obligations are less than 5% of the total. Lease obligations also includes leases for railcars to serve jointly-owned generating units where KCP&L is the managing partner. KCP&L will be reimbursed by the other owners for about $1.9 million per year ($24.4 million total). Lease obligations excludes a commitment to either purchase leased combustion turbines at termination of the construction leasing agreement for a price equal to amounts expended by the Lessor or sell the turbines on behalf of the Lessor while guaranteeing the Lessor's receipt of an amount equal to 83.21% of the amounts expended. See Note 10 to the consolidated financial statements for additional information.

Other long-term obligations include commitments for KCP&L's share under contracts for acquisition of coal, and nuclear fuel including the DOE assessment; and capacity purchases for KCP&L. KCP&L has capacity sales agreements not included above that total $12.8 million for 2003, $11.8 million per year for 2004 through 2007, and $49.3 million after 2007. Great Plains Energy also includes Strategic Energy's purchased power commitments of $500.4 million, 299.5 million, $222.1 million, $50.1 million, $8.6 million and $11.6 million for 2003 through 2007 and after 2007, respectively.

Guarantees

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.

As prescribed in Financial Accounting Standards Board (FASB) Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", the Company will begin recording a liability for the fair value of obligations it undertakes for guarantees issued after December 31, 2002. The interpretation does not encompass guarantees of the Company's own future performance, such as Great Plains Energy's guarantees to support Strategic Energy power purchases and regulatory requirements; however, these guarantees are included in the presentation below. KCP&L will record an immaterial amount for the fair value of guarantees expected to be issued in 2003 for the residual value of vehicles and heavy equipment under an operating lease.

Other Commercial Commitments Outstanding

	Amount of commitment expiration per period						
	2003	2004	2005	2006	2007	After 2007	Total
	(millions)						
Consolidated KCP&L Guarantees	$ 1.8	$ 1.8	$ 1.8	$ 1.5	$ 1.5	$ 4.4	$ 12.8
Great Plains Energy Guarantees, including consolidated KCP&L	$178.0	$ 1.8	$ 11.4	$ 1.5	$ 2.4	$ 45.9	$241.0

Great Plains Energy and KLT Inc. have provided $202.3 million of guarantees to support Strategic Energy power purchases and regulatory requirements. Strategic Energy's current power supply contracts end in 2010; however, 94% expire by the end of 2005. As of December 31, 2002, guarantees related to Strategic Energy are as follows:

- o Great Plains Energy direct guarantees to counterparties totaling $68.7 million and KLT Inc. direct guarantees to counterparties totaling $60.4 million, with varying expiration dates
- o Great Plains Energy indemnifies the issuers of surety bonds totaling $61.2 million, of which $51.6 million expire in 2003 and $9.6 million expire in 2005
- o Great Plains Energy guarantees related to letters of credit totaling $11.9 million, all of which expire in 2003

RSAE has a $25 million line of credit with a commercial bank, which Great Plains Energy supports through an agreement that ensures adequate capital to operate RSAE. KCP&L is contingently liable for guaranteed energy savings under agreements with several customers.

KLT Inc. issued a letter of credit, currently $0.9 million, related to the sale of demand side management credits by Custom Energy, LLC, which renews annually and has five years remaining.

KCP&L has entered agreements guaranteeing an aggregate value of approximately $12.8 million over the next eight years. In most cases a subcontractor would indemnify KCP&L for any payments made by KCP&L under these guarantees.

The table above does not include the following guarantees because they do not require a future cash payment:

- o Custom Energy, LLC has guaranteed construction performance bonds totaling $9.7 million which are secured by KLT Energy Services' ownership interest in Custom Energy. These bonds are expected to expire in 2003.
- o RSAE and its subsidiary, R. S. Andrews of Maryland, have secured notes to an individual and a company totaling $4.1 million. The security for the notes includes a pledge of RSAE stock in R. S. Andrews of Maryland and a security interest in all of R. S. Andrews of Maryland assets. In

the event of default on either of the notes, RSAE's investment in R. S. Andrews of Maryland would be at risk to satisfy the notes.

The table above does not include the following guarantees:

KCP&L Financing I, a trust, has issued $150.0 million of preferred securities. In connection with the issuance of the preferred securities, KCP&L issued a preferred securities guarantee, which guarantees the payment of any accrued and unpaid distributions, the redemption price and payments upon dissolution, winding-up or termination of the trust, all to the extent that the trust has funds available therefore. At December 31, 2002, there were no accrued and unpaid distributions.

In December 2002, KCP&L obtained bond insurance policies as a credit enhancement to its Series 1993A and 1993B EIRR bonds, which total $79.5 million. The insurance agreement between KCP&L and the issuer of the bond insurance policies, provides for reimbursement by KCP&L for any amounts the insurer pays under the bond insurance policies.

Environmental Matters

KCP&L's operations are subject to regulation by federal, state and local authorities with regard to air and other environmental matters. The generation and transmission 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 KCP&L.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. Governmental bodies, however, may impose additional or more restrictive environmental regulations that could require substantial changes to operations or facilities at a significant cost. See Note 10 to the consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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, operational and credit risks and are not represented in the following analysis.

Commodity Risk

KCP&L and Strategic Energy engage in the wholesale and retail marketing of electricity and accordingly, are exposed to risk associated with the price of electricity.

KCP&L's wholesale operations include the physical delivery and marketing of power obtained through its generation capacity and long, intermediate and short-term capacity/energy contracts. KCP&L maintains a capacity margin of at least 12% of its peak summer demand. This net positive supply of capacity and energy is maintained through its generation assets and capacity and power purchase agreements to protect it from the potential operational failure of one of its owned or contracted power generating units. The agreements contain penalties for non-performance to protect KCP&L from energy price risk on the contracted energy. KCP&L also enters into additional power purchase agreements with the objective of obtaining the most economical energy to meet its physical delivery obligations to its customers. KCP&L continually evaluates the need for additional risk mitigation measures in order to minimize its financial exposure to, among other things, spikes in wholesale power prices during periods of high demand.

KCP&L's sales include the sales of electricity to its retail customers and bulk power sales of electricity in the wholesale market. KCP&L continually evaluates its system requirements, the availability of generating units, availability and cost of fuel supply, the availability and cost of purchased power and the requirements of other electric systems; therefore, the impact of the hypothetical amounts that follow could be significantly reduced depending on the system and market prices at the time of the increases. During 2002, approximately 75% of KCP&L's net MWh's generated was coal-fired. A hypothetical 10% increase in the market price of coal could have resulted in a $2.9 million decrease in pretax earnings for 2002. KCP&L currently has approximately 95% of its coal requirements for 2003 under contract. Approximately 10% of the 2003 expected delivered cost of coal is subject to the market price of coal, which is approximately one-half of the amounts subject to the market price of coal in 2002. KCP&L has implemented price risk mitigation measures to reduce its exposure to high natural gas prices. A hypothetical 10% increase in natural gas and oil market prices would have resulted in a decrease of less than $1.0 million in pretax earnings. Approximately 75% of KCP&L's summer 2003 projected gas generation requirements for retail and firm wholesale sales are price protected through its hedging program, which is consistent with the percentages hedged in 2002. A hypothetical 10% increase in the cost of purchased power could have resulted in a $2.8 million decrease in pretax earnings for 2002.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. As a result of supplying electricity to retail customers under fixed rate contracts, Strategic Energy's policy is to match customers' demand with fixed price purchases. In certain markets where Strategic Energy operates, entering into forward fixed price contracts is cost prohibitive. By entering into swap contracts for a portion of its forecasted purchases in these markets, the future purchase price of electricity is effectively fixed under these swap contracts. The swap contracts limit the unfavorable effect that price increases will have on electricity purchases.

KLT Gas is exposed to commodity price risk on the natural gas it produces. Financial hedge instruments can be used to mitigate its exposure to market price fluctuations on approximately 85% of

its daily gas sales in accordance with its risk management policy. Currently, KLT Gas is producing an insignificant volume of gas and the price risk is minimal.

KCP&L and Strategic Energy are not required to record energy transactions at fair value. Commitments to purchase and sell energy and energy-related products except for derivatives that qualify as cash flow hedges are currently carried at cost. KCP&L and Strategic Energy report the revenue and expense associated with all energy contracts at the time the underlying physical transaction closes consistent with industry practice and the business philosophy of generating/purchasing and delivering physical power to customers.

Interest Rate Risk

Great Plains Energy manages interest expense and short and long-term liquidity through a combination of fixed rate and variable rate debt. Generally, the amount of each type of debt is managed through market issuance, but interest rate swap and cap agreements with highly rated financial institutions may be used to achieve the desired combination. Using outstanding balances and annualized interest rates as of December 31, 2002, a hypothetical 10% increase in the interest rates associated with variable rate debt would have resulted in a decrease of less than $1.0 million in pretax earnings for 2002. Additionally, interest rates impact the fair value of long-term debt. A change in interest rates would impact the Company to the extent it redeemed any of its outstanding debt. At December 31, 2002, stated values approximate fair value.

Equity Price Risk

KCP&L maintains trust funds, as required by the NRC, to fund certain costs of decommissioning its Wolf Creek nuclear power plant. KCP&L does not expect Wolf Creek decommissioning to start before 2025. As of December 31, 2002, these funds were invested primarily in domestic equity securities and fixed income securities and are reflected at fair value on the KCP&L's balance sheets. The mix of securities is designed to provide returns to be used to fund decommissioning and to compensate for inflationary increases in decommissioning costs; however the equity securities in the trusts are exposed to price fluctuations in equity markets, and the value of fixed rate fixed income securities are exposed to changes in interest rates. Investment performance and asset allocation are periodically reviewed. A hypothetical increase in interest rates resulting in a hypothetical 10% decrease in the value of the fixed income securities would have resulted in a $3.9 million reduction in the value of the decommissioning trust funds. A hypothetical 10% decrease in equity prices would have resulted in a $2.3 million reduction in the fair value of the equity securities as of December 31, 2002. KCP&L's exposure to equity price market risk associated with the decommissioning trust funds is in large part mitigated due to the fact that KCP&L is currently allowed to recover its decommissioning costs in its rates.

KLT Investments has affordable housing notes that require the greater of 15% of the outstanding note balances or the next annual installment to be held as cash, cash equivalents or marketable securities. A hypothetical 10% decrease in market prices of the securities held as collateral would have resulted in a decrease of less than $1.0 million in pretax earnings for 2002.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

GREAT PLAINS ENERGY
Consolidated Statements of Income

Year Ended December 31	2002	2001 (thousands)	2000
Operating Revenues			
Electric revenues - KCP&L	$ 1,009,868	$ 967,479	$ 951,960
Electric revenues - Strategic Energy	788,278	396,004	111,844
Other revenues	63,736	98,435	52,064
Total	1,861,882	1,461,918	1,115,868
Operating Expenses			
Fuel	159,666	163,846	153,144
Purchased power - KCP&L	46,214	65,173	105,722
Purchased power - Strategic Energy	685,370	329,003	84,449
Gas purchased and production expenses	3,531	16,932	30,396
Other	332,650	323,663	249,926
Maintenance	91,944	77,802	74,466
Depreciation and depletion	151,593	158,771	132,378
General taxes	99,351	98,060	92,228
(Gain) Loss on property	(92)	171,477	(99,118)
Total	1,570,227	1,404,727	823,591
Operating income	291,655	57,191	292,277
Loss from equity investments	(1,173)	(376)	(19,441)
Minority interest in subsidiaries	(10,753)	(2,899)	(4,376)
Non-operating income	6,893	12,348	21,643
Non-operating expenses	(20,055)	(38,889)	(32,620)
Interest charges	89,094	103,332	75,686
Income (loss) before income taxes, extraordinary item and cumulative effect of changes in accounting principles	177,473	(75,957)	181,797
Income taxes	48,285	(35,914)	53,166
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	129,188	(40,043)	128,631
Early extinguishment of debt, net of income taxes (Note 19)	-	15,872	-
Cumulative effect to January 1 of changes in accounting principles (Note 6 and 7)	(3,000)	-	30,073
Net income (loss)	126,188	(24,171)	158,704
Preferred stock dividend requirements	1,646	1,647	1,649
Earnings (Loss) available for common stock	$ 124,542	$ (25,818)	$ 157,055
Average number of common shares outstanding	62,623	61,864	61,864
Basic and diluted earnings (loss) per common share before extraordinary item and cumulative effect of changes in accounting principles	$ 2.04	$ (0.68)	$ 2.05
Early extinguishment of debt	-	0.26	-
Cumulative effect to January 1 of changes in accounting principles	(0.05)	-	0.49
Basic and diluted earnings (loss) per common share	$ 1.99	$ (0.42)	$ 2.54
Cash dividends per common share	$ 1.66	$ 1.66	$ 1.66

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

GREAT PLAINS ENERGY
Consolidated Balance Sheets

	December 31 2002	December 31 2001
	(thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 65,302	$ 29,034
Receivables	200,972	152,114
Fuel inventories, at average cost	21,311	22,246
Materials and supplies, at average cost	50,800	50,696
Current income taxes	-	31,031
Deferred income taxes	3,233	5,061
Other	19,543	19,167
Total	361,161	309,349
Nonutility Property and Investments		
Affordable housing limited partnerships	68,644	81,136
Gas property and investments	45,419	43,385
Nuclear decommissioning trust fund	63,283	61,766
Other	63,964	63,616
Total	241,310	249,903
Utility Plant, at Original Cost		
Electric	4,428,433	4,332,464
Less-accumulated depreciation	1,885,389	1,793,786
Net utility plant in service	2,543,044	2,538,678
Construction work in progress	39,519	51,265
Nuclear fuel, net of amortization of $121,951 and $127,101	21,506	33,771
Total	2,604,069	2,623,714
Deferred Charges		
Regulatory assets	128,901	124,406
Prepaid pension costs	85,945	88,337
Goodwill	46,058	37,066
Other deferred charges	39,295	30,724
Total	300,199	280,533
Total	$ 3,506,739	$ 3,463,499
LIABILITIES AND CAPITALIZATION		
Current Liabilities		
Notes payable	$ 44,679	$ 144,404
Commercial paper	-	62,000
Current maturities of long-term debt	134,092	238,767
EIRR bonds classified as current	81,000	177,500
Accounts payable	175,547	173,956
Accrued taxes	29,257	14,324
Accrued interest	16,407	13,262
Accrued payroll and vacations	28,000	26,422
Accrued refueling outage costs	8,292	12,979
Other	32,816	35,810
Total	550,090	899,424
Deferred Credits and Other Liabilities		
Deferred income taxes	593,169	594,704
Deferred investment tax credits	41,565	45,748
Accrued nuclear decommissioning costs	64,584	63,040
Pension liability	73,251	28,692
Other	81,275	85,393
Total	853,844	817,577
Capitalization (see statements)	2,102,805	1,746,498
Commitments and Contingencies (Note 10)		
Total	$ 3,506,739	$ 3,463,499

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

GREAT PLAINS ENERGY
Consolidated Statements of Capitalization

	December 31 2002	December 31 2001
	(thousands)	
Long-term Debt (excluding current maturities)		
General Mortgage Bonds		
Medium-Term Notes due 2004-07,		
7.55%* and 7.28%** weighted-average rate	$ 55,000	$ 179,000
2.48%* and 2.71%** EIRR bonds due 2012-23	158,768	158,768
EIRR bonds classified as current liabilities	(31,000)	(31,000)
Senior Notes		
7.125% due 2005	250,000	250,000
6.500% due 2011	150,000	150,000
6.000% due 2007	225,000	-
Unamortized discount	(915)	(660)
EIRR bonds		
2.41%* and 3.25%** Series A & B due 2015	109,607	106,500
4.50%*** Series C due 2017	50,000	50,000
2.41%* and 3.25%** Series D due 2017	41,183	40,000
EIRR bonds classified as current liabilities	(50,000)	(146,500)
Subsidiary Obligations		
R.S. Andrews Enterprises, Inc. long-term debt		
5.70%* and 8.14%** weighted-average rate due 2004-16	6,128	2,832
Affordable Housing Notes		
7.84%* and 8.16%** weighted-average rate due 2004-08	10,564	19,746
Total	974,335	778,686
Company-obligated Mandatorily Redeemable Preferred Securities		
of a trust holding solely KCP&L Subordinated Debentures	150,000	150,000
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
Common Stock Equity		
Common stock-150,000,000 shares authorized without par value		
69,196,322 and 61,908,726 shares issued, stated value	609,497	449,697
Capital stock premium and expense	(7,744)	(1,656)
Retained earnings (see statements)	363,579	344,815
Treasury stock	(4)	(903)
Accumulated other comprehensive loss		
Income (loss) on derivative hedging instruments	927	(12,110)
Minimum pension obligation	(26,785)	(1,031)
Total	939,470	778,812
Total	$ 2,102,805	$ 1,746,498

* Weighted-average rate as of December 31, 2002
** Weighted-average rate as of December 31, 2001
*** Weighted-average rate as of December 31, 2002 and 2001

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

GREAT PLAINS ENERGY
Consolidated Statements of Cash Flows

Year Ended December 31	2002	2001 (thousands)	2000
Cash Flows from Operating Activities			
Net income (loss)	$ 126,188	$ (24,171)	$ 158,704
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Early extinguishment of debt, net of income taxes	-	(15,872)	-
Cumulative effect of changes in accounting priciples	3,000	-	(30,073)
Depreciation and depletion	151,593	158,771	132,378
Amortization of:			
Nuclear fuel	13,109	17,087	15,227
Other	12,496	16,755	11,940
Deferred income taxes (net)	15,594	(301)	(29,542)
Investment tax credit amortization	(4,183)	(4,289)	(4,296)
Loss from equity investments	1,173	376	19,441
(Gain) Loss on property	(92)	171,477	(99,118)
Allowance for equity funds used during construction	(299)	(3,616)	(4,001)
Deferred storm costs	(20,149)	-	-
Minority interest	10,753	2,899	4,376
Other operating activities (Note 2)	28,022	(40,255)	18,837
Net cash from operating activities	337,205	278,861	193,873
Cash Flows from Investing Activities			
Utility capital expenditures	(131,158)	(262,030)	(401,041)
Allowance for borrowed funds used during construction	(979)	(9,197)	(12,184)
Purchases of investments	(7,134)	(46,105)	(55,531)
Purchases of nonutility property	(12,605)	(66,119)	(25,466)
Proceeds from sale of assets	7,821	66,460	225,958
Hawthorn No. 5 partial insurance recovery	-	30,000	50,000
Loan to DTI prior to majority ownership	-	(94,000)	-
Other investing activities	(6,953)	10,306	18,967
Net cash from investing activities	(151,008)	(370,685)	(199,297)
Cash Flows from Financing Activities			
Issuance of common stock	151,800	-	-
Issuance of long-term debt	228,876	249,597	500,445
Repayment of long-term debt	(238,897)	(193,145)	(179,858)
Net change in short-term borrowings	(168,805)	140,747	(183,099)
Dividends paid	(107,424)	(104,335)	(104,335)
Other financing activities	(15,479)	(6,883)	(5,925)
Net cash from financing activities	(149,929)	85,981	27,228
Net Change in Cash and Cash Equivalents	36,268	(5,843)	21,804
Cash and Cash Equivalents at Beginning of Year	29,034	34,877	13,073
Cash and Cash Equivalents at End of Year	$ 65,302	$ 29,034	$ 34,877

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

GREAT PLAINS ENERGY
Consolidated Statements of Comprehensive Income

Year Ended December 31	2002	2001 (thousands)	2000
Net Income (Loss)	$ 126,188	$ (24,171)	$ 158,704
Other comprehensive loss:			
Gain (loss) on derivative hedging instruments	17,584	(43,706)	-
Income tax (expense) benefit	(7,138)	18,136	-
Net gain (loss) on derivative hedging instruments	10,446	(25,570)	-
Minimum pension obligation	(42,218)	(1,691)	-
Income tax benefit	16,464	660	-
Net minimum pension obligation	(25,754)	(1,031)	-
Reclassification to revenues and expenses, net of tax	2,591	(3,983)	2,337
Comprehensive income (loss) before cumulative effect of a change in accounting principles, net of income taxes	113,471	(54,755)	161,041
Cumulative effect to January 1, 2001, of a change in accounting principles, net of income taxes	-	17,443	-
Comprehensive Income (Loss)	$ 113,471	$ (37,312)	$ 161,041

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

GREAT PLAINS ENERGY
Consolidated Statements of Retained Earnings

Year Ended December 31	2002	2001 (thousands)	2000
Beginning Balance	$ 344,815	$ 473,321	$ 418,952
Net Income (Loss)	126,188	(24,171)	158,704
	471,003	449,150	577,656
Dividends Declared			
Preferred stock - at required rates	1,646	1,647	1,649
Common stock	105,778	102,688	102,686
Ending Balance	$ 363,579	$ 344,815	$ 473,321

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income

Year Ended December 31	2002	2001 (thousands)	2000
Operating Revenues			
Electric revenues	$ 1,009,868	$ 1,256,121	$ 1,063,804
Other revenues	61,445	94,773	52,064
Total	1,071,313	1,350,894	1,115,868
Operating Expenses			
Fuel	159,666	163,846	153,144
Purchased power	46,214	304,862	190,171
Gas purchased and production expenses	-	17,454	30,396
Other	279,207	304,704	249,926
Maintenance	91,858	77,172	74,466
Depreciation and depletion	147,925	152,893	132,378
General taxes	97,699	97,288	92,228
(Gain) Loss on property	59	(22,026)	(99,118)
Total	822,628	1,096,193	823,591
Operating income	248,685	254,701	292,277
Loss from equity investments	-	(501)	(19,441)
Minority interest in subsidiaries	-	(1,276)	(4,376)
Non-operating income	4,838	11,996	21,643
Non-operating expenses	(9,937)	(33,160)	(32,620)
Interest charges	82,020	97,653	75,686
Income before income taxes, extraordinary item and cumulative effect of changes in accounting principles	161,566	134,107	181,797
Income taxes	62,867	30,288	53,166
Income before extraordinary item and cumulative effect of changes in accounting principles	98,699	103,819	128,631
Early extinguishment of debt, net of income taxes (Note 19)	-	15,872	-
Cumulative effect to January 1 of changes in accounting principles (Note 6 and 7)	(3,000)	-	30,073
Net income	95,699	119,691	158,704
Preferred stock dividend requirements	-	1,098	1,649
Earnings available for common stock	$ 95,699	$ 118,593	$ 157,055

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Balance Sheets

	December 31 2002	December 31 2001
	(thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 179	$ 962
Receivables	70,170	62,511
Fuel inventories, at average cost	21,311	22,246
Materials and supplies, at average cost	50,800	50,696
Deferred income taxes	3,233	5,061
Other	10,644	11,484
Total	156,337	152,960
Nonutility Property and Investments		
Nuclear decommissioning trust fund	63,283	61,766
Other	41,414	40,797
Total	104,697	102,563
Utility Plant, at Original Cost		
Electric	4,428,433	4,332,464
Less-accumulated depreciation	1,885,389	1,793,786
Net utility plant in service	2,543,044	2,538,678
Construction work in progress	39,519	51,265
Nuclear fuel, net of amortization of $121,951 and $127,101	21,506	33,771
Total	2,604,069	2,623,714
Deferred Charges		
Regulatory assets	128,901	124,406
Prepaid pension costs	85,945	88,337
Goodwill	19,952	22,952
Other deferred charges	39,256	30,724
Total	274,054	266,419
Total	$ 3,139,157	$ 3,145,656
LIABILITIES AND CAPITALIZATION		
Current Liabilities		
Notes payable	$ 23,850	$ 20,404
Commercial paper	-	62,000
Current maturities of long-term debt	124,911	227,383
EIRR bonds classified as current	81,000	177,500
Accounts payable	77,618	113,029
Accrued taxes	65,455	15,895
Accrued interest	15,462	11,327
Accrued payroll and vacations	24,538	22,581
Accrued refueling outage costs	8,292	12,979
Other	12,630	14,562
Total	433,756	677,660
Deferred Credits and Other Liabilities		
Deferred income taxes	615,967	630,699
Deferred investment tax credits	41,565	45,748
Accrued nuclear decommissioning costs	64,584	63,040
Pension liability	73,251	28,692
Other	51,230	46,494
Total	846,597	814,673
Capitalization (see statements)	1,858,804	1,653,323
Commitments and Contingencies (Note 10)		
Total	$ 3,139,157	$ 3,145,656

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Capitalization

	December 31 2002	December 31 2001
	(thousands)	
Long-term Debt (excluding current maturities)		
General Mortgage Bonds		
Medium-Term Notes due 2004-07,		
7.55%* and 7.28%** weighted-average rate	$ 55,000	$ 179,000
2.48%* and 2.71%** EIRR bonds due 2012-23	158,768	158,768
EIRR bonds classified as current liabilities	(31,000)	(31,000)
Senior Notes		
7.125% due 2005	250,000	250,000
6.500% due 2011	150,000	150,000
6.000% due 2007	225,000	-
Unamortized discount	(915)	(660)
EIRR bonds		
2.41%* and 3.25%** Series A & B due 2015	109,607	106,500
2.41%* and 3.25%** Series D due 2017	41,183	40,000
4.50%*** Series C due 2017	50,000	50,000
EIRR bonds classified as current liabilities	(50,000)	(146,500)
Subsidiary Obligations		
R.S. Andrews Enterprises, Inc. long-term debt		
5.70%* and 8.14%** weighted-average rate due 2004-16	6,128	2,832
Total	963,771	758,940
Company-obligated Mandatorily Redeemable Preferred Securities of a trust holding solely KCP&L Subordinated Debentures	150,000	150,000
Common Stock Equity		
Common stock-1,000 shares authorized without par value 1 share issued, stated value	562,041	526,041
Retained earnings (see statements)	209,606	219,524
Accumulated other comprehensive income (loss)		
Income (loss) on derivative hedging instruments	171	(151)
Minimum pension obligation	(26,785)	(1,031)
Total	745,033	744,383
Total	$ 1,858,804	$ 1,653,323

* Weighted-average rate as of December 31, 2002
** Weighted-average rate as of December 31, 2001
*** Weighted-average rate as of December 31, 2002 and 2001

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Cash Flows

Year Ended December 31	2002	2001 (thousands)	2000
Cash Flows from Operating Activities			
Net income	$ 95,699	$ 119,691	$ 158,704
Adjustments to reconcile net income to net cash from operating activities:			
Early extinguishment of debt, net of income taxes	-	(15,872)	-
Cumulative effect of changes in accounting principles	3,000	-	(30,073)
Depreciation and depletion	147,925	152,893	132,378
Amortization of:			
Nuclear fuel	13,109	17,087	15,227
Other	9,581	15,717	11,940
Deferred income taxes (net)	11,355	12,867	(29,542)
Investment tax credit amortization	(4,183)	(4,289)	(4,296)
Loss from equity investments	-	501	19,441
(Gain) Loss on property	59	(22,026)	(99,118)
Allowance for equity funds used during construction	(299)	(3,616)	(4,001)
Deferred storm costs	(20,149)	-	-
Other operating activities (Note 2)	19,204	(35,322)	23,213
Net cash from operating activities	275,301	237,631	193,873
Cash Flows from Investing Activities			
Utility capital expenditures	(132,039)	(262,030)	(401,041)
Allowance for borrowed funds used during construction	(979)	(9,197)	(12,184)
Purchases of investments	(3,421)	(41,548)	(55,531)
Purchases of nonutility property	(1,279)	(49,254)	(25,466)
Proceeds from sale of assets	-	64,072	225,958
Hawthorn No. 5 partial insurance recovery	-	30,000	50,000
Loan to DTI prior to majority ownership	-	(94,000)	-
Other investing activities	(7,289)	8,087	18,967
Net cash from investing activities	(145,007)	(353,870)	(199,297)
Cash Flows from Financing Activities			
Issuance of long-term debt	228,876	249,597	500,445
Repayment of long-term debt	(227,513)	(93,099)	(179,858)
Net change in short-term borrowings	(58,554)	14,524	(183,099)
Dividends paid	-	(78,246)	(104,335)
Dividends paid to Great Plains Energy	(105,617)	(25,677)	-
Cash of KLT Inc. and GPP dividended to Great Plains Energy	-	(19,115)	-
Equity contribution from Great Plains Energy	36,000	39,000	-
Other financing activities	(4,269)	(4,660)	(5,925)
Net cash from financing activities	(131,077)	82,324	27,228
Net Change in Cash and Cash Equivalents	(783)	(33,915)	21,804
Cash and Cash Equivalents at Beginning of Year	962	34,877	13,073
Cash and Cash Equivalents at End of Year	$ 179	$ 962	$ 34,877

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Comprehensive Income

Year Ended December 31	2002	2001 (thousands)	2000
Net income	$ 95,699	$ 119,691	$ 158,704
Other comprehensive income (loss):			
Income (loss) on derivative hedging instruments	702	(39,952)	-
Income tax (expense) benefit	(274)	16,590	-
Net income (loss) on derivative hedging instruments	428	(23,362)	-
Minimum pension obligation	(42,218)	(1,691)	-
Income tax benefit	16,464	660	-
Net minimum pension obligation	(25,754)	(1,031)	-
Reclassification to revenues and expenses, net of tax	(106)	(7,687)	2,337
Comprehensive income before cumulative effect of a change in accounting principles, net of income taxes	70,267	87,611	161,041
Cumulative effect to January 1, 2001, of a change in accounting principles, net of income taxes	-	17,443	-
Comprehensive Income	$ 70,267	$ 105,054	$ 161,041

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Retained Earnings

Year Ended December 31	2002	2001 (thousands)	2000
Beginning Balance	$ 219,524	$ 473,321	$ 418,952
Net Income	95,699	119,691	158,704
	315,223	593,012	577,656
Dividends Declared			
Preferred stock - at required rates	-	824	1,649
Common stock	-	77,011	102,686
Common stock held by Great Plains Energy	105,617	25,677	-
Equity dividend of KLT Inc. and GPP to Great Plains Energy	-	269,976	-
Ending Balance	$ 209,606	$ 219,524	$ 473,321

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

GREAT PLAINS ENERGY INCORPORATED
KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

The notes to consolidated financial statements that follow are a combined presentation for Great Plains Energy and consolidated KCP&L, both registrants under this filing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Great Plains Energy, a Missouri corporation incorporated in 2001, is a public utility holding company registered with and subject to the regulation of the SEC under the 35 Act. Through a corporate restructuring, which was consummated on October 1, 2001, Great Plains Energy became the parent company and sole owner of the common stock of KCP&L. This restructuring was implemented through an agreement and plan of merger whereby KCP&L merged with a wholly-owned subsidiary of Great Plains Energy, with KCP&L continuing as the surviving company and wholly-owned subsidiary of Great Plains Energy. Each outstanding share of KCP&L stock was exchanged for a share of Great Plains Energy stock. As a result, Great Plains Energy replaced KCP&L as the listed entity on the New York Stock Exchange, with the trading symbol GXP. In connection with the reorganization, KCP&L transferred to Great Plains Energy its interest in two wholly-owned subsidiaries, KLT Inc. and GPP. Great Plains Energy does not own or operate any significant assets other than the stock of its subsidiaries.

Great Plains Energy currently has four direct subsidiaries:

- KCP&L is an integrated electric utility company that serves retail customers in the states of Missouri and Kansas. KCP&L is one of Great Plains Energy's three reportable segments. KCP&L has one wholly-owned subsidiary, HSS. HSS has invested in two companies, RSAE and Worry Free. RSAE and Worry Free provide energy-related residential and commercial services.

- KLT Inc. is an investment company that primarily holds interests in Strategic Energy, KLT Gas, DTI and affordable housing limited partnerships. Strategic Energy and KLT Gas are the other two reportable segments of Great Plains Energy. DTI has filed voluntary bankruptcy petitions. See Note 19 for additional information concerning DTI's bankruptcy petitions.

- GPP focuses on the development of wholesale generation. During 2002, management decided to limit the operations of GPP until market conditions improve or the Company makes further changes in its business strategy. GPP has made no significant investments to date.

- IEC was formed to acquire and hold an interest in Strategic Energy. See Note 9 for additional information concerning IEC's acquisition of an indirect interest in Strategic Energy. IEC does not own or operate any assets other than its indirect interest in Strategic Energy.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. For Great Plains Energy this includes Strategic Energy's cash held in trust of $11.4 million at December 31, 2002 and $2.2 million at December 31, 2001.

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 for electricity purchased by Strategic Energy. Any excess remittances into the lockboxes are remitted back to Strategic Energy after the disbursement to the supplier has been made.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investments and Nonutility Property--Consolidated KCP&L's investments and nonutility property includes the nuclear decommissioning trust fund recorded at fair value. Fair value is based on quoted market prices of the investments held by the fund. In addition to consolidated KCP&L's investments, Great Plains Energy's investments and nonutility property include KLT Investments' affordable housing limited partnerships and trading equity securities. The fair value of KLT Investments' affordable housing limited partnership total portfolio, based on the discounted cash flows generated by tax credits, tax deductions and sale of properties, approximates book value. KLT Investments' other trading equity securities are recorded at fair value based on quoted market prices of the investments held. The fair values of other various investments are not readily determinable and the investments are therefore stated at cost.

Long-term debt--The incremental borrowing rate for similar debt was used to determine fair value if quoted market prices were not available. The stated values approximate fair market values.

Investments in Affordable Housing Limited Partnerships

At December 31, 2002, KLT Investments had $68.6 million in affordable housing limited partnerships. About 67% of these investments were recorded at cost; the equity method was used for the remainder. Tax expense is reduced in the year tax credits are generated. The investments generate future cash flows from tax credits and tax losses of the partnerships. The investments also generate cash flows from the sales of the properties. For most investments, tax credits are received over ten years. KLT Investments projects tax credits to run through 2009. A change in accounting principle relating to investments made after May 19, 1995, requires the use of the equity method when a company owns more than 5% in a limited partnership investment. Of the investments recorded at cost, $44.2 million exceed this 5% level but were made before May 19, 1995. KLT Investments' management does not anticipate making additional investments in affordable housing limited partnerships at this time.

On a quarterly basis, KLT Investments compares the cost of those properties accounted for by the cost method to the total of projected residual value of the properties and remaining tax credits to be received. Estimated residual values are based on studies performed by an independent firm. Based on the latest comparison, KLT Investments reduced its investments in affordable housing limited partnerships by $9.0 million, $13.5 million and $2.4 million in 2002, 2001 and 2000, respectively. Projected annual reductions of the book cost for the years 2003 through 2006 total $13 million, $7 million, $7 million and $6 million, respectively. Even after these reductions, earnings from affordable housing are expected to be positive for the years 2003 through 2006.

These projections are based on the latest information available but the ultimate amount and timing of actual reductions made could be significantly different from the above estimates.

Securities Available for Sale
In 2000, CellNet completed a sale of its assets to a third party causing KLT Inc.'s investment in CellNet to become worthless. Accordingly, in March 2000, KLT Inc. realized losses on its investment in CellNet of $3.1 million after tax.

Utility Plant
KCP&L's utility plant is stated at historical costs of construction. These costs include taxes, an allowance for the cost of borrowed and equity funds used to finance construction and payroll-related costs, including pensions and other fringe benefits. Replacements, improvements and additions to units of property are capitalized. Repairs of property and replacements of items not considered to be units of property are expensed as incurred (except as discussed under Wolf Creek Refueling Outage Costs). When property units are retired or otherwise disposed, the original cost, net of salvage and removal, is charged to accumulated depreciation. Substantially all utility plant is pledged as collateral for KCP&L's mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented.

The balances of utility plant in service with a range of depreciable lives are listed in the table below:

	December 31	
Utility Plant In Service	2002	2001
	(thousands)	
Production (23 - 42 years)	$ 2,712,170	$ 2,681,060
Transmission (27 - 76 years)	282,117	247,626
Distribution (8 - 75 years)	1,218,606	1,180,056
General (5 - 50 years)	215,540	223,722
Total	$ 4,428,433	$ 4,332,464

Through December 31, 2002, KCP&L has received $160 million in insurance recoveries related to property destroyed in the February 17, 1999, explosion at the Hawthorn No. 5 generating unit. Recoveries received have been recorded as an increase in accumulated depreciation.

As prescribed by the FERC, AFDC is charged to the cost of the plant. AFDC is included in the rates charged to customers by KCP&L over the service life of the property. AFDC equity funds are included as a non-cash item in non-operating income and AFDC borrowed funds are a reduction of interest charges. The rates used to compute gross AFDC are compounded semi-annually and averaged 4.4% in 2002, 6.8% in 2001 and 7.5% in 2000.

Natural Gas Properties
The Company does not have significant oil and gas producing activities based on the results of the significance tests preformed as prescribed in SFAS No. 69, "Disclosures About Oil and Gas Producing Activities." KLT Gas follows the full cost method of accounting for its natural gas properties, substantially all of which were undeveloped at December 31, 2002. The full cost method requires that all costs associated with property acquisition, exploration and development activities be capitalized. Any excess of book value over the present value (10% discount rate) of estimated future net revenues (at year-end prices) from the natural gas reserves is expensed. All natural gas property interests owned by KLT Gas are located in the United States.

Natural gas property and equipment included in gas property and investments on Great Plains Energy's consolidated balance sheets totaled $45.0 million, net of $8.5 million of accumulated depreciation, in 2002 and $39.9 million, net of $5.0 million of accumulated depreciation, in 2001.

Other Nonutility Property
Great Plains Energy's and consolidated KCP&L's other nonutility property includes land, buildings, vehicles, general office equipment and software and is recorded at historical cost, net of accumulated depreciation, and has a range of depreciable lives of 3 to 43 years.

Depreciation, Depletion and Amortization
Depreciation of KCP&L's utility plant other than nuclear fuel is computed using the straight-line method over the estimated lives of depreciable property based on rates approved by state regulatory authorities. Annual depreciation rates average about 3%. Depreciation of nonutility property is computed using the straight-line method. Excluding DTI, annual depreciation rates for the years 2002, 2001 and 2000 were 19.3%, 15.3% and 13.3%, respectively.

KCP&L amortizes nuclear fuel to fuel expense based on the quantity of heat produced during the generation of electricity. Regulatory assets and liabilities are amortized consistent with the recovery period.

Prior to adoption of SFAS No. 142 on January 1, 2002, Great Plains Energy and consolidated KCP&L amortized goodwill using the straight-line method over a 15 and 40 year life. See Note 6 for additional information concerning the adoption of SFAS No. 142.

Depletion, depreciation and amortization of natural gas properties are calculated using the units of production method. The depletion per mmBtu was $4.61 in 2002, $1.35 in 2001, and $0.63 in 2000. The depletion per mmBtu in 2002 reflected downward revisions in reserve estimates. Unproved gas properties are not amortized but are assessed for impairment either individually or on an aggregated basis.

Nuclear Fuel
Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the permanent disposal of spent nuclear fuel. KCP&L pays the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation delivered and sold for the future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense. In 2002, the U.S. Senate approved Yucca Mountain, Nevada as a long-term geologic repository. The DOE is currently in the process of preparing an application to obtain the NRC license to proceed with construction of the repository. Management cannot predict when this site may be available. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel first from the owners with the oldest spent fuel. Wolf Creek has completed an on-site storage facility that is designed to hold all spent fuel generated at the plant through the end of its 40-year licensed life in 2025.

Wolf Creek Refueling Outage Costs
KCP&L accrues forecasted incremental costs to be incurred during scheduled Wolf Creek refueling outages monthly over the unit's operating cycle, normally about 18 months. Estimated incremental costs, which include operating, maintenance and replacement power expenses, are based on budgeted outage costs and the estimated outage duration. Changes to or variances from those estimates are recorded when known or are probable.

Nuclear Plant Decommissioning Costs
The MPSC and the KCC require KCP&L and the other owners of Wolf Creek to submit an updated decommissioning cost study every three years. The most recent study was submitted to the MPSC and the KCC on August 30, 2002, and is the basis for the decommissioning cost estimates in the table below. The MPSC has since approved continuation of funding at the previously approved level. The KCC is expected to rule on the new decommissioning cost estimate and the associated escalation and earnings assumptions in the spring of 2003. The escalation rates and earnings assumptions shown in

the table below are those that were last explicitly approved by the MPSC and the KCC. The decommissioning cost estimates are based on the immediate dismantlement method and include the costs of decontamination, dismantlement and site restoration. KCP&L does not expect plant decommissioning to start before 2025.

	KCC	MPSC
Future cost of decommissioning:		
Total Station	$1.1 billion	$1.3 billion
47% share	$497 million	$606 million
Current cost of decommissioning (in 2002 dollars):		
Total Station	$468 million	$468 million
47% share	$220 million	$220 million
Annual escalation factor	3.60%	4.50%
Annual return on trust assets	6.93%	7.66%

KCP&L contributes about $3 million annually to a tax-qualified trust fund to be used to decommission Wolf Creek. These costs are charged to other operating expenses and recovered in billings to customers. These funding levels assume a certain return on trust assets. If the actual return on trust assets is below the anticipated level, KCP&L believes a rate increase would be allowed ensuring full recovery of decommissioning costs over the remaining life of the station.

The trust fund balance, including reinvested earnings, was $63.3 million at December 31, 2002, and $61.8 million at December 31, 2001. The related liabilities for decommissioning are included in Deferred Credits and Other Liabilities -- Other.

The Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003. See Note 12 for discussion of asset retirement obligations including those associated with nuclear plant decommissioning costs.

Regulatory Matters

KCP&L is subject to the provisions of SFAS No. 71. Pursuant to SFAS No. 71, KCP&L defers items on the balance sheet resulting from the effects of the ratemaking process, which would not be recorded under GAAP if KCP&L was not regulated. See Note 4 for additional information concerning regulatory matters.

Revenue Recognition

KCP&L and Strategic Energy recognize revenues on sales of electricity when the service is provided. KLT Gas records natural gas sales revenues based on the amount of gas sold to purchasers on its behalf. Receivables recorded at December 31, 2002 and 2001, include $27.2 million and $28.9 million, respectively, for electric services provided but not yet billed by KCP&L, and $57.3 million and $48.5 million, respectively, for electric services provided, but not yet billed by Strategic Energy. See Note 3 for additional information on receivables.

To supply its retail contracts, Strategic Energy purchases long-term blocks of electricity under forward contracts in fixed quantities at fixed prices from power suppliers based on projected usage. Strategic Energy sells any excess retail supply of electricity back into the wholesale market. The proceeds from the sale of excess supply of electricity are recorded as a reduction of purchased power. The gross amount of excess retail supply sales that reduced purchased power was $126.4 million, $95.6 million and $29.5 million in 2002, 2001 and 2000, respectively.

Property Gains and Losses

Net gains and losses from the sales of assets, businesses, and net asset impairments are recorded in operating expenses. See Note 19 for additional information regarding the net impairment of DTI assets.

Asset Impairments

Long-lived assets and intangible assets subject to amortization are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable as prescribed under SFAS No. 144. SFAS No. 144 requires that if the sum of the undiscounted expected future cash flows from an asset to be held and used is less than the carrying value of the asset, an asset impairment must be recognized in the financial statements. The amount of impairment recognized is the excess of the carrying value of the asset over its fair value.

Goodwill is tested for impairment at least annually and more frequently when indicators of impairment exist as prescribed under SFAS No. 142. SFAS No. 142 requires that if the fair value of a reporting unit is less than its carrying value including goodwill, an impairment charge for goodwill must be recognized in the financial statements. To measure the amount of the impairment loss to recognize, the implied fair value of the reporting unit goodwill would be compared with its carrying value. See Note 6 for information regarding the impact of adopting SFAS No. 142 on goodwill and goodwill amortization.

Income Taxes

Great Plains Energy and its subsidiaries file consolidated federal and combined and separate state income tax returns. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of taxable income or loss. In accordance with 35 Act requirements, the holding company allocates its own net income tax benefits to its direct subsidiaries based on the positive taxable income of each company in the consolidated federal or combined state returns. KCP&L uses the separate return method to compute its income tax provision. For the years ended December 31, 2002 and 2001, there were no differences between the separate return method used to compute KCP&L's tax provision and the formula to compute the amount it owed to Great Plains Energy under the allocation previously described.

The consolidated balance sheets include deferred income taxes for all temporary differences between the tax basis of an asset or liability and that reported in the financial statements. These deferred tax assets and liabilities are determined by using the tax rates scheduled by the tax law to be in effect when the differences reverse. A tax valuation allowance is recorded when it is more likely than not that a deferred tax asset will not be realized. See Note 19 for additional information concerning the valuation allowance related to DTI.

Regulatory Asset -- Recoverable taxes reflects the future revenue requirements necessary to recover the tax benefits of existing temporary differences previously passed through to KCP&L customers. KCP&L records operating income tax expense based on ratemaking principles.

Tax credits are recognized in the year generated except for certain KCP&L investment tax credits that have been deferred and amortized over the remaining service lives of the related properties.

Environmental Matters

Environmental costs are accrued when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated.

Basic and Diluted Earnings (Loss) per Common Share Calculation

There was no dilutive effect on Great Plains Energy's earnings per share from other securities in 2002, 2001 or 2000. To determine earnings (loss) per common share, preferred stock dividend requirements are deducted from both income before extraordinary item and cumulative effect of changes in accounting principles and net income before dividing by average number of common shares outstanding. The earnings (loss) per share impact of the extraordinary item and the cumulative effect of changes in accounting principles is determined by dividing each by the average number of common shares outstanding.

Earnings per share for KCP&L and Great Plains Energy are the same in 2000 prior to the formation of the holding company. The following table reconciles Great Plains Energy's basic and diluted earnings (loss) per common share calculation:

	Income	Shares	EPS
2002	(thousands except per share amounts)		
Income before cumulative effect	$ 129,188		
Less: Preferred stock dividend requirement	1,646		
Basic EPS			
Income available to common stockholders	127,542	62,623	$ 2.04
Add: effect of dilutive securities		1	
Diluted EPS	$ 127,542	62,624	$ 2.04

	Income (Loss)	Shares	EPS
2001	(thousands except per share amounts)		
Loss before extraordinary item	$ (40,043)		
Less: Preferred stock dividend requirement	1,647		
Basic EPS			
Income available to common stockholders	(41,690)	61,864	$(0.68)
Add: effect of dilutive securities		-	
Diluted EPS	$ (41,690)	61,864	$(0.68)

	Income	Shares	EPS
2000	(thousands except per share amounts)		
Income before cumulative effect	$ 128,631		
Less: Preferred stock dividend requirement	1,649		
Basic EPS			
Income available to common stockholders	126,982	61,864	$ 2.05
Add: effect of dilutive securities		19	
Diluted EPS	$ 126,982	61,883	$ 2.05

Options to purchase 394,723 shares of common stock as of December 31, 2002, were excluded from the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares at the end of the respective periods. Options to purchase 277,902 shares of common stock as of December 31, 2001, were excluded from the diluted earnings calculation because the Company had a net loss from operations; therefore no potential common shares are included in the calculation because the effect is always anti-dilutive.

2. SUPPLEMENTAL CASH FLOW INFORMATION

Great Plains Energy Other Operating Activities

Cash flows affected by changes in:	2002	2001 (thousands)	2000
Receivables	$ (43,858)	$ (32,680)	$ (42,565)
Fuel inventories	1,339	(1,444)	1,787
Materials and supplies	(104)	(4,294)	(113)
Accounts payable	1,591	9,495	66,765
Accrued taxes and current income taxes	45,964	(31,133)	13,430
Accrued interest	3,145	667	(2,865)
Wolf Creek refueling outage accrual	(4,687)	11,089	(5,166)
Pension and postretirement benefit obligations	3,774	(22,577)	(12,653)
Other	20,858	30,622	217
Total other operating activities	$ 28,022	$ (40,255)	$ 18,837
Cash paid during the period:			
Interest	$ 83,818	$ 84,907	$ 76,395
Income taxes	$ 17,709	$ 21,614	$ 80,445

During November 2002, Great Plains Energy indirectly acquired an additional 6% ownership in Strategic Energy through its recently created subsidiary, IEC. The $15.1 million consideration paid for the 6% ownership consisted of $8.0 million in Great Plains Energy common stock and promissory notes of $4.7 million (issued by Great Plains Energy) and $2.4 million (issued by IEC). The promissory notes were paid in January 2003. This transaction had no effect on Great Plains Energy's consolidated statement of cash flows for the year ended December 31, 2002. See Note 9 for additional information regarding this transaction.

On February 8, 2001, KLT Telecom increased its equity ownership in DTI to a majority ownership. On December 31, 2001, DTI filed voluntary petitions in Bankruptcy Court. As a result, DTI was consolidated and its operations were included in KLT Telecom's results of operations from February 8, 2001, through December 31, 2001, prior to the bankruptcy filings at which time DTI was de-consolidated. See Note 19 for additional information concerning the bankruptcy filings.

The table below reflects a reconciliation of DTI's effect on Great Plains Energy's consolidated statement of cash flows for the year ended December 31, 2001, to the cash invested in DTI during 2001.

	2001	
Cash Flows from Operating Activities	(thousands)	
Amounts included in net income (loss)	$(248,437)	
Depreciation	17,907	
Goodwill amortization	2,481	
Loss on property (net impairment)	195,835	
Other operating activities		
Accretion of Senior Discount Notes and amortization of the discount	16,364	
Other	1,719	
DTI adjustment to operating activities	234,306	
Net cash from operating activities		$ (14,131)
Cash Flows from Investing Activities		
Purchase of additional ownership in DTI	(39,855)	
Purchase of nonutility property	(33,648)	
Loans to DTI prior to consolidation	(94,000)	
Other investing activities	3,002	
DTI effect on cash from investing activities		(164,501)
Cash Flows from Financing Activities		
DTI effect on cash from financing activities		(2,223)
Cash flows from DTI investment		$(180,855)
Cash invested in DTI		
Loan to DTI holdings	$ (94,000)	
Operating loans to Digital Teleport, Inc.	(47,000)	
Purchase of additional ownership in DTI	(39,855)	
Cash used for DTI investment		$(180,855)

Consolidated KCP&L Other Operating Activities

	2002	2001	2000
Cash flows affected by changes in:		(thousands)	
Receivables	$ (7,659)	$ (43,604)	$ (42,565)
Fuel inventories	1,339	(1,444)	1,787
Materials and supplies	(104)	(4,294)	(113)
Accounts payable	(35,411)	(14,878)	66,765
Accrued taxes and current income taxes	49,560	(1,995)	13,430
Accrued interest	4,135	610	(2,865)
Wolf Creek refueling outage accrual	(4,687)	11,089	(5,166)
Pension and postretirement benefit obligations	3,774	(22,577)	(12,653)
Other	8,257	41,771	4,593
Total other operating activities	$ 19,204	$ (35,322)	$ 23,213
Cash paid during the period:			
Interest	$ 75,754	$ 82,867	$ 76,395
Income taxes	$ 11,330	$ 21,470	$ 80,445

As described in Note 1, KCP&L distributed, as a dividend, its ownership in KLT Inc. and GPP to Great Plains Energy on October 1, 2001. The effect of this transaction on KCP&L's consolidated statement of cash flows for the year ended December 31, 2001, is summarized in the table that follows.

Effect of dividend to Great Plains Energy:	October 1, 2001	
Assets	(thousands)	
Cash	$ 19,115	
Equity securities	283	
Receivables	101,539	
Nonutility property and investment	529,121	
Goodwill	75,534	
Other assets	8,542	
Total assets		$ 734,134
Liabilities and Accumulated Other Comprehensive Income		
Notes payable	$ 3,077	
Accounts payable	67,853	
Accrued taxes	(1,050)	
Accrued interest	1,878	
Deferred income taxes	(23,868)	
Deferred telecommunications revenue	45,595	
Other liabilities and deferred credits	54,340	
Long-term debt	329,788	
Accumulated other comprehensive income	(13,455)	
Total liabilities and accumulated other comprehensive income		464,158
Equity dividend of KLT Inc. and GPP to Great Plains Energy		$ 269,976

During the first quarter of 2001, KLT Telecom increased its equity ownership in DTI to a majority ownership and HSS increased its equity ownership in RSAE to a majority ownership. The effect of these transactions is summarized in the tables that follow. The initial consolidation of DTI (February 8, 2001) and RSAE (January 1, 2001) are excluded from both Great Plains Energy and KCP&L's consolidated statement of cash flows for the year December 31, 2001. See Note 19 for information concerning of DTI's bankruptcy filings.

	DTI	RSAE
	(thousands)	
Cash paid to obtain majority ownership	$ (39,855)	$ (560)
Subsidiary cash	4,557	1,053
Purchase of DTI and RSAE, net of cash received	$ (35,298)	$ 493
Initial consolidation of subsidiaries:		
Assets		
Cash	$ 4,557	$ 1,053
Receivables	1,012	4,078
Other nonutility property and investments	363,825	6,267
Goodwill	62,974	24,496
Other assets	5,143	3,919
Eliminate equity investment	(67,660)	(7,200)
Total assets	$ 369,851	$ 32,613
Liabilities		
Notes payable	$ 5,300	$ 10,057
Accounts payable	31,299	6,219
Accrued taxes	2,414	24
Deferred income taxes	7,437	-
Other liabilities and deferred credits	46,531	13,418
Loan from KLT Telecom (a)	94,000	-
Long-term debt	182,870	2,895
Total liabilities	$ 369,851	$ 32,613

(a) KLT Telecom provided a $94 million loan to DTI for the completion of the tender offer of 50.4 percent of DTI's Senior Discount Notes prior to increasing its DTI investment to a majority ownership.

Sales of KLT Gas properties

KLT Gas sold producing natural gas properties during 2000. The transactions are summarized in the table below.

	2000
	(thousands)
Cash proceeds	$ 125,958
Preferred stock redeemed (a)	100,000
Total cash proceeds	225,958
Equity securities	10,000
Receivable	1,243
Total proceeds	237,201
Cost basis in property sold	(87,785)
Accounts payable (b)	(23,168)
Other assets and liabilities (b)	(15,670)
Gain on sale before income tax	110,578
Income tax	(42,606)
Gain on sale, net of income tax	$ 67,972

(a) The preferred stock received in September 2000 was redeemed in December 2000.

(b) Includes $7.9 million of incentive compensation.

3. RECEIVABLES

The Company's accounts receivables are comprised of the following:

	December 31 2002	2001
	(thousands)	
Receivables Company	$ 19,168	$ 25,723
KCP&L other receivables	51,002	36,788
Consolidated KCP&L receivables	70,170	62,511
Great Plains Energy other receivables	130,802	89,603
Great Plains Energy receivables	$ 200,972	$ 152,114

KCP&L has entered into a revolving agreement, which expires in October 2003, to sell all of its right, title and interest in the majority of its customer accounts receivable to Kansas City Power & Light Receivables Company (Receivables Company), which in turn sells most of the receivables to outside investors. KCP&L expects the agreement to be renewed annually. Accounts receivable sold under this revolving agreement totaled $89.2 million at December 31, 2002, and $95.7 million at December 31, 2001. These sales included unbilled receivables of $27.2 million and $28.9 million at December 31, 2002 and 2001, respectively. As a result of the sales to outside investors, Receivables Company received $70 million in cash, which was forwarded to KCP&L as consideration for its sale. The agreement is structured as a true sale under which the creditors of Receivables Company are entitled to be satisfied out of the assets of Receivables Company prior to any value being returned to KCP&L or its creditors.

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 and are included in non-operating expenses. KCP&L services the receivables and receives an annual servicing fee of 0.25% of the outstanding principal amount of the receivables sold and retains any late fees charged to customers. Management is still evaluating whether KCP&L will be required to consolidate Receivables Company under FASB Interpretation No. 46, "Consolidation of Variable Interest Entities".

Information regarding KCP&L's sale of accounts receivable is reflected in the following table.

For the years ended December 31	2002	2001	2000
		(thousands)	
Gross proceeds on sale of accounts receivable	$ 957,222	$ 949,045	$ 972,436
Collections	974,669	952,122	942,612
Loss on sale of accounts receivable	4,558	8,776	13,032
Late fees	2,572	3,045	2,474

KCP&L other receivables at December 31, 2002 and 2001, consist primarily of receivables from partners in jointly-owned electric utility plants, wholesale sales receivables and accounts receivable held by RSAE and Worry Free. Great Plains Energy other receivables at December 31, 2002 and 2001, are primarily the accounts receivable held by Strategic Energy including unbilled revenues held by Strategic Energy of $57.3 million and $48.5 million December 31, 2002 and 2001, respectively.

4. REGULATORY MATTERS

Regulatory Assets and Liabilities

As discussed in Note 1, KCP&L is subject to the provisions of SFAS No. 71. Accordingly, KCP&L has recorded assets and liabilities on its balance sheet resulting from the effects of the ratemaking process, which would not be recorded under GAAP for non-regulated entities. Regulatory assets represent incurred costs that have been deferred because they are probable of future recovery in customer rates. Regulatory liabilities generally represent probable future reductions in revenue or refunds to customers. KCP&L's continued ability to meet the criteria for application of SFAS No. 71 may be affected in the future by competitive forces and restructuring in the electric industry. In the event that SFAS No. 71 no longer applied to all, or a separable portion, of KCP&L's operations, the related regulatory assets and liabilities would be written off unless an appropriate regulatory recovery mechanism is provided.

	Amortization ending period	December 31 2002	December 31 2001
Regulatory Assets		(millions)	
Taxes recoverable through future rates		$ 100.0	$ 108.0
Coal contract termination costs	2003	1.6	6.4
Decommission and decontaminate federal uranium enrichment facilities	2007	3.3	3.9
Loss on reaquired debt	2023	4.7	5.1
January 2002 incremental ice storm costs	2007	18.6	-
Other (a)	2006	0.7	1.0
Total Regulatory Assets		$ 128.9	$ 124.4
Regulatory Liabilities			
Taxes recoverable through future rates		$ (100.0)	$ (108.0)
Emission allowances (b)		(3.6)	(3.5)
Total Regulatory Liabilities		$ (103.6)	$ (111.5)

(a) $0.5 million earns a return on investment in the rate making process.
(b) Consistent with the MPSC order establishing regulatory treatment, no amortization is being recorded.

Retail Rate Matters

At the end of January 2002, a severe ice storm occurred throughout large portions of the Midwest, including the greater Kansas City metropolitan area. At its peak, the storm caused over 300,000 customer outages throughout the KCP&L territory. Costs related to the January ice storm were approximately $51.3 million of which $14.7 million were capital expenditures and therefore recorded to utility plant. KCP&L expensed $16.5 million for the Kansas jurisdictional portion of the storm costs and deferred as a regulatory asset $20.1 million of the storm costs applicable to Missouri.

In the second quarter of 2002, the KCC approved the stipulation and agreement that KCP&L had reached with the KCC staff and the Citizens Utility Ratepayers Board with regard to treatment of the Kansas portion of the ice storm costs. Under this stipulation and agreement, KCP&L received a rate moratorium until 2006 in exchange for KCP&L's agreement to not seek recovery of the $16.5 million expense for the Kansas jurisdictional portion of the storm costs and to reduce rates by $12 - $13 million in 2003. Additionally, KCP&L agreed to determine depreciation expense of Wolf Creek using a 60 year life instead of a 40 year life effective January 2003, which results in a reduction of expense by approximately $8 million in 2003. KCP&L will record a regulatory asset for the reduction in depreciation expense. KCP&L also agreed to file a rate case by May 15, 2006. In December 2002, the KCC approved tariffs implementing the stipulation and agreement, which resulted in a reduction of $12.4 million in annual Kansas retail revenues, effective January 1, 2003.

Effective August 2002, the MPSC approved KCP&L's application for an accounting authority order related to the Missouri jurisdictional portion of the storm costs. The order allowed KCP&L to defer and amortize $20.1 million, representing the Missouri impact of the storm, through January 2007. The amortization began in September 2002 and totaled $1.5 million in 2002. KCP&L will amortize approximately $4.6 million annually for the remainder of the amortization period. In October 2002, the Staff of the MPSC concluded its review of the Missouri jurisdictional earnings for KCP&L and determined that the current rate levels do not warrant action.

5. EQUITY METHOD INVESTMENTS

See Note 19 for information regarding 2001 activity in KLT Telecom's investment in DTI.

Sale of KLT Investments II 's Ownership of Downtown Hotel Group
On May 31, 2001, KLT Investments II sold its 25% ownership of Kansas City Downtown Hotel Group, L.L.C. for total proceeds of $3.8 million resulting in a $1.4 million after tax gain.

Sale of KLT Gas Properties
On June 28, 2001, KLT Gas sold its 50% ownership in Patrick KLT Gas, LLC for total proceeds of $42.3 million resulting in a $12.0 million after tax gain.

After the acquisition of majority ownership in RSAE (see Note 2 for additional information) and the sales of the equity method investments discussed above, the Company has no remaining equity method investments other than affordable housing limited partnerships held by KLT Investments.

6. GOODWILL AND INTANGIBLE PROPERTY

SFAS No. 142, "Goodwill and Other Intangible Assets"
The Company adopted SFAS No. 142 on January 1, 2002. Under the new standard, goodwill is no longer amortized, but rather is tested for impairment upon adoption and at least annually thereafter. The annual test may be performed anytime during the year, but must be performed at the same time each year.

Strategic Energy's transition and 2002 annual impairment tests have been completed and there was no impairment of the Strategic Energy goodwill. Goodwill reported on Great Plains Energy's consolidated balance sheets associated with the Company's ownership in Strategic Energy totaled $26.1 million and $14.1 million at December 31, 2002 and 2001, respectively. The 2002 increase in goodwill was a result of IEC's acquisition of a 5.8% indirect ownership interest in Strategic Energy.

After the transition impairment test of RSAE goodwill, the Company recorded a $3.0 million write-down of goodwill. The goodwill write-down is reflected as a cumulative effect to January 1, 2002, of a change in accounting principle. RSAE completed its first annual impairment test in September 2002. The test indicated no impairment. Goodwill reported on Great Plains Energy's and consolidated KCP&L's balance sheets associated with HSS' ownership interest in RSAE totaled $20.0 million and $23.0 million at December 31, 2002 and 2001, respectively.

The following table adjusts the reported 2001 and 2000 Great Plains Energy and consolidated KCP&L income statement information to add back goodwill amortization as if the non-amortization provisions of SFAS No. 142 had been applied during all periods presented.

Great Plains Energy

	2001	2000 (a)
	(thousands except per share amounts)	
Income (loss) before extraordinary item and cumulative effect, as reported	$ (40,043)	$ 128,631
Add back: Goodwill amortization	3,713	412
Income (loss) before extraordinary item and cumulative effect	(36,330)	129,043
Early extinguishment of debt, net of income taxes	15,872	-
Cumulative effect to January 1, 2000, of changes in accounting principles, net of income taxes	-	30,073
Net (loss) income, as adjusted	(20,458)	159,116
Preferred stock dividend requirements	1,647	1,649
Earnings (loss) available for common stock, as adjusted	$ (22,105)	$ 157,467
Basic and diluted earnings (loss) per common share before extraordinary item and cumulative effect, as reported	$ (0.68)	$ 2.05
Add back: Goodwill amortization	0.06	0.01
Basic and diluted earnings (loss) per common share before extraordinary item and cumulative effect, as adjusted	(0.62)	2.06
Early extinguishment of debt	0.26	-
Cumulative effect to January 1, 2000, of changes in accounting principles	-	0.49
Basic and diluted earnings (loss) per common share, as adjusted	$ (0.36)	$ 2.55

(a) Great Plains Energy and consolidated KCP&L are the same for 2000.

Consolidated KCP&L

	2001
	(thousands)
Income before extraordinary item, as reported	$ 103,819
Add back: Goodwill amortization	2,879
Income before extraordinary item	106,698
Early extinguishment of debt, net of income taxes	15,872
Net income, as adjusted	122,570
Preferred stock dividend requirements	1,098
Earnings available for common stock, as adjusted	$ 121,472

Other Intangible Assets

KCP&L electric utility plant on the consolidated balance sheets included intangible computer software of $41.6 million, net of accumulated amortization of $42.4 million, in 2002 and $48.2 million, net of accumulated amortization of $33.0 million, in 2001.

Other intangible assets on the consolidated KCP&L balance sheets include intangible computer software, the Worry Free service mark, and an RSAE trademark, logo and non-compete agreement totaling $4.7 million, net of accumulated amortization of $0.4 million, in 2002 and $0.6 million, net of accumulated amortization of $0.2 million, in 2001.

KLT Gas' gas property and investments on the consolidated balance sheets included intangible drilling costs of $20.8 million in 2002 and $17.7 million in 2001.

Other intangible assets on the Great Plains Energy consolidated balance sheets include other intangible computer software of $1.8 million, net of accumulated amortization of $0.6 million, in 2002 and $1.2 million, net of accumulated amortization of $0.1 million, in 2001.

7. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Changes in Pension Accounting Principles

Effective January 1, 2000, KCP&L changed its methods of amortizing unrecognized net gains and losses and determination of expected return related to its accounting for pension expense. These changes were made to reflect more timely in pension expense the gains and losses incurred by the pension funds. KCP&L's current method is to recognize gains and losses by amortizing over a five-year period the rolling five-year average of unamortized gains and losses and determine the expected return by multiplying the assumed long-term rate of return times the fair value of plan assets. Accounting principles required KCP&L to record the cumulative effect of these changes by increasing 2000 earnings by $30.1 million or $0.49 per share. Adoption of the new methods of accounting for pensions has led and will continue to lead to greater fluctuations in pension expense in the future.

Pension Plans and Other Employee Benefits

KCP&L has defined benefit pension plans for its employees, including officers and Wolf Creek employees. Benefits under these plans reflect the employees' compensation, years of service and age at retirement. KCP&L satisfies the minimum funding requirements under the ERISA.

There were no significant amendments to the plans in 2002. During 2001, the plans, other than those at Wolf Creek, were amended resulting in an increase to the benefit obligation of $6.8 million. The increase was due primarily to an amendment to the non-management plan, which improved benefits to employees with at least thirty years of service who elected lump sum distributions.

During 2000, the plans were amended, except for those of Wolf Creek, which resulted in a $42.0 million increase in the benefit obligation. The amendments changed the mortality tables used and added enhanced benefit options. The enhancements include improved early retirement benefits for employees who retire after their age plus their years of service equals at least 85. The options also include lump sum distributions. During 2001, the plans experienced lump sum distributions related to these enhancements in excess of $33.0 million.

Primarily as a result of the significant decline in the market value of plan assets, in 2002 the Company had a minimum pension liability of $63.1 million offset by an intangible asset of $19.2 million and OCI of $43.9 million ($26.8 million net of tax). In 2001, the Company's minimum pension liability was $20.0 million offset by an intangible asset of $18.3 million and OCI of $1.7 million ($1.0 million net of tax). Because these adjustments were non-cash, their effect has been excluded from the Consolidated Statements of Cash Flows.

In addition to providing pension benefits, KCP&L provides certain postretirement health care and life insurance benefits for substantially all retired employees. KCP&L accrues the cost of postretirement health care and life insurance benefits during an employee's years of service and recovers these accruals through rates. KCP&L funds the portion of net periodic postretirement benefit costs that are tax deductible. Beginning in 2001, management employees who resign with 25 years or more of service are eligible for life insurance benefits.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $219.1 million, $185.8 million, and $121.8 million, respectively, as of December 31, 2002 and $207.7 million, $176.6 million, and $160.7 million, respectively, as of December 31, 2001. Net periodic benefit costs reflect total plan benefit costs prior to the effects of capitalization and sharing with joint-owners of power plants. The pension benefits table below provides information relating to the funded status of all defined benefit pension plans on an aggregate basis.

Change in projected benefit obligation	Pension Benefits 2002	Pension Benefits 2001	Other Benefits 2002	Other Benefits 2001
	(thousands)			
PBO at beginning of year	$ 421,126	$ 411,960	$ 41,224	$ 36,858
Service cost	13,360	11,152	757	729
Interest cost	30,272	31,905	2,951	2,918
Contribution by participants	-	-	785	459
Amendments	-	6,790	247	960
Actuarial loss	29,174	22,853	7,181	3,185
Benefits paid	(42,482)	(28,807)	(3,715)	(3,432)
Benefits paid by KCP&L	(934)	(1,381)	(494)	(454)
Settlements	284	(33,346)	-	-
PBO at end of year (a)	$ 450,800	$ 421,126	$ 48,936	$ 41,223
Change in plan assets				
Fair value of plan assets at beginning of year	$ 395,015	$ 564,947	$ 9,459	$ 8,096
Actual return on plan assets	(29,983)	(112,397)	321	601
Contributions by employer and participants	1,619	1,017	5,032	4,193
Benefits paid	(42,482)	(28,807)	(3,758)	(3,432)
Settlements	-	(29,745)	-	-
Fair value of plan assets at end of year	$ 324,169	$ 395,015	$ 11,054	$ 9,458
Prepaid (accrued) benefit cost				
Funded status	$(126,631)	$ (26,111)	$ (37,882)	$ (31,765)
Unrecognized actuarial loss	157,438	58,686	11,947	4,649
Unrecognized prior service cost	44,769	47,296	1,344	1,282
Unrecognized transition obligation	512	(230)	11,744	12,919
Net prepaid (accrued) benefit cost	$ 76,088	$ 79,641	$ (12,847)	$ (12,915)
Amounts recognized in the consolidated balance sheets				
Prepaid benefit cost	$ 85,945	$ 88,337	$ -	$ -
Accrued benefit cost	(9,857)	(8,696)	(12,847)	(12,915)
Minimum pension liability adjustment	(63,142)	(19,994)	-	-
Intangible asset	19,233	18,303	-	-
Accumulated other comprehensive income	43,909	1,691	-	-
Net amount recognized in balance sheets	$ 76,088	$ 79,641	$ (12,847)	$ (12,915)

(a) Based on weighted-average discount rates of 6.75%, 7.25%, and 8.0% in 2002, 2001 and 2000, respectively; and increases in future salary levels of 4.1% in 2002, 2001 and 2000.

Components of net periodic benefit cost	Pension Benefits 2002	Pension Benefits 2001	Pension Benefits 2000	Other Benefits 2002	Other Benefits 2001	Other Benefits 2000
	(thousands)					
Service cost	$ 13,360	$ 11,152	$ 9,384	$ 757	$ 729	$ 547
Interest cost	30,272	31,905	26,538	2,951	2,918	2,543
Expected return on plan assets	(34,144)	(48,967)	(39,571)	(503)	(403)	(361)
Amortization of prior service cost	4,313	3,884	488	194	78	78
Recognized net actuarial loss (gain)	(7,237)	(11,333)	(5,913)	100	32	2
Transition obligation	(742)	(2,023)	(2,072)	1,174	1,174	1,174
Net settlements	284	(1,738)	-	-	-	-
Net periodic benefit cost	$ 6,106	$ (17,120)	$(11,146)	$ 4,673	$ 4,528	$ 3,983

Long-term rates of return on pension assets of 9.0% to 9.25% were used.

Actuarial assumptions include an increase in the annual health care cost trend rate for the year 2002 and thereafter of 9.9%. The health care plan requires retirees to share in the cost when premiums exceed a certain amount. A 1% point change in the assumed health care cost trend rate would have the following effects as of December 31, 2002:

	Increase	Decrease
	(thousands)	
Effect on total service and interest component	$ 297	$ (216)
Effect on postretirement benefit obligation	$ 2,926	$ (2,222)

Employee Savings Plans
Great Plains Energy has defined contribution savings plans that cover substantially all employees. The Company matches employee contributions, subject to limits. The annual cost of the plans was $3.2 million in 2002 and $2.9 million for both 2001 and 2000.

Strategic Energy Phantom Stock Plan
Strategic Energy has a phantom stock plan that provides incentive in the form of deferred compensation based upon the award of performance units, the value of which is related to the increase in financial growth and performance of Strategic Energy. Strategic Energy's annual cost for the plan was $5.9 million in 2002 and $3.4 million in 2001. There was no expense recognized in 2000.

Stock Options
The Company has one equity compensation plan, which has been approved by its shareholders. The equity compensation plan is a long-term incentive plan that permits the grant of restricted stock, stock options, limited stock appreciation rights and performance shares to officers and other employees of the Company and its subsidiaries. The maximum number of shares of Great Plains Energy common stock that may be issued under the plan is 3.0 million with 2.1 million shares remaining available for future issuance.

Stock Options Granted 1992 - 1996
The exercise price of stock options granted equaled the market price of the Company's common stock on the grant date. One-half of all options granted vested one year after the grant date, the other half vested two years after the grant date. An amount equal to the quarterly dividends paid on Great Plains Energy's common stock shares (dividend equivalents) accrues on the options for the benefit of option holders. The option holders are entitled to stock for their accumulated dividend equivalents only if the options are exercised when the market price is above the exercise price. At December 31, 2002, the market price of Great Plains Energy's common stock was $22.88, which exceeded the grant price for one of the three years that options granted were still outstanding. Unexercised options expire ten years after the grant date.

Great Plains Energy follows Accounting Principles Board (APB) Opinion 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for these options. Great Plains Energy recognizes annual expense equal to accumulated and reinvested dividends plus the impact of the change in stock price since the grant date. Great Plains Energy expensed $0.1 million in 2002, $(0.3) million in 2001 and $1.1 million in 2000.

For options outstanding at December 31, 2002, grant prices range from $20.6250 to $26.1875 and the weighted-average remaining contractual life is 2.9 years.

Stock Options Granted 2001 and 2002
Stock options were granted under the plan at the fair market value of the shares on the grant date. The options vest three years after the grant date and expire in ten years if not exercised. Exercise prices range from $24.90 to $25.98 and the remaining contractual life is 8.7 years. Great Plains Energy

follows APB Opinion 25 to account for these options. No compensation cost is recognized because the option exercise price is equal to the market price of the underlying stock on the date of grant.

All stock option activity for the last three years is summarized below:

	2002		2001		2000	
	Shares	Price*	Shares	Price*	Shares	Price*
Outstanding at January 1	250,375	$ 25.14	88,500	$ 23.57	89,875	$ 23.57
Granted	181,000	24.90	193,000	25.56	-	-
Exercised	(34,375)	23.00	(31,125)	23.27	(1,375)	23.88
Outstanding at December 31	397,000	$ 25.21	250,375	$ 25.14	88,500	$ 23.57
Exercisable as of December 31	23,000	$ 24.81	57,375	$ 23.73	88,500	$ 23.57

* weighted-average price

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, "Accounting for Stock-Based Compensation". Under this statement, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the vesting period. The pro forma amounts have been determined as if the Company had accounted for its stock options under SFAS No. 123. The stock options granted in 1992 - 1996 were all 100% vested prior to the year 2000 and therefore would have no compensation cost in the years 2000 - 2002 under SFAS No. 123. The fair value for the stock options granted in 2001 and 2002 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2002	2001
Risk-free interest rate	4.57 %	5.53 %
Dividend yield	7.68 %	6.37 %
Stock volatility	27.503 %	25.879 %
Expected option life (in years)	10	10

The option valuation model requires the input of highly subjective assumptions, primarily stock price volatility, changes in which can materially affect the fair value estimate. Compensation cost would have been $0.4 million and $0.2 million in 2002 and 2001, respectively under SFAS No. 123. The pro forma information is as follows:

	2002	2001	2000
	(thousands except per share amounts)		
Net income (loss), as reported	$ 126,188	$ (24,171)	$ 158,704
Pro forma net income (loss) as if fair value method were applied	$ 125,990	$ (24,479)	$ 159,366
Basic and diluted earnings (loss) per common share, as reported	$ 1.99	$ (0.42)	$ 2.54
Basic and diluted earnings (loss) per common share, pro forma	$ 1.99	$ (0.42)	$ 2.55

The effects of applying SFAS No. 123 in this pro forma disclosure may not be representative of effects on net income for future years due to the timing and number of options granted under the equity compensation plan.

Performance Shares

In 2001, 144,500 performance shares were granted. The issuance of performance shares is contingent upon achievement, over a four-year period, of company and individual performance goals.

Performance shares have an intrinsic value equal to the market price of a share on the date of grant. Pursuant to APB Opinion 25, expense is accrued for performance shares over the period services are performed if attainment of the performance goals appears probable. No compensation expense was recorded in 2002 or 2001.

8. INCOME TAXES

Income tax expense consisted of the following:

Great Plains Energy	2002	2001	2000
Current income taxes:		(thousands)	
Federal	$ 27,505	$ (32,628)	$ 76,076
State	9,369	1,304	10,928
Total	36,874	(31,324)	87,004
Deferred income taxes:			
Federal	13,915	9,785	(9,846)
State	1,679	(943)	(469)
Total	15,594	8,842	(10,315)
Investment tax credit amortization	(4,183)	(4,289)	(4,296)
Total income tax expense	48,285	(26,771)	72,393
Less: Deferred taxes on the cumulative effect of changes in accounting principles	-	-	19,227
Deferred taxes on early extinguishment of debt	-	9,143	-
Total	$ 48,285	$ (35,914)	$ 53,166

Consolidated KCP&L	2002	2001	2000
Current income taxes:		(thousands)	
Federal	$ 47,027	$ 17,601	$ 76,076
State	8,668	4,109	10,928
Total	55,695	21,710	87,004
Deferred income taxes:			
Federal	9,391	18,968	(9,846)
State	1,964	3,042	(469)
Total	11,355	22,010	(10,315)
Investment tax credit amortization	(4,183)	(4,289)	(4,296)
Total income tax expense	62,867	39,431	72,393
Less: Deferred taxes on the cumulative effect of changes in accounting principles	-	-	19,227
Deferred taxes on early extinguishment of debt	-	9,143	-
Total	$ 62,867	$ 30,288	$ 53,166

The effective income tax rates differed from the statutory federal rates mainly due to the following:

Great Plains Energy	2002	2001	2000
Federal statutory income tax rate	35.0 %	(35.0)%	35.0 %
Differences between book and tax			
depreciation not normalized	1.9	1.4	0.7
Proposed IRS Adjustment (see Note 10)	-	-	4.6
Amortization of investment tax credits	(2.4)	(8.4)	(1.9)
Federal income tax credits	(11.3)	(41.6)	(9.2)
State income taxes	4.1	0.5	2.9
Valuation allowance	-	31.0	-
Other	0.4	(0.5)	(0.8)
Effective income tax rate	27.7 %	(52.6)%	31.3 %

Consolidated KCP&L	2002	2001	2000
Federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Differences between book and tax			
depreciation not normalized	2.1	0.5	0.7
Proposed IRS Adjustment (see Note 10)	-	-	4.6
Amortization of investment tax credits	(2.6)	(2.7)	(1.9)
Federal income tax credits (a)	-	(10.6)	(9.2)
State income taxes	4.4	2.9	2.9
Other	0.7	(0.3)	(0.8)
Effective income tax rate	39.6 %	24.8 %	31.3 %

(a) KLT Investments and KLT Gas generated the federal income tax credits in 2001 and 2000. Great Plains Energy and consolidated KCP&L are the same prior to the October 1, 2001, formation of the holding company.

The tax effects of major temporary differences resulting in deferred tax assets and liabilities in the balance sheets are as follows:

	Great Plains Energy		Consolidated KCP&L	
December 31	2002	2001	2002	2001
	(thousands)			
Plant related	$ 521,979	$ 533,521	$ 521,979	$ 533,521
Recoverable taxes	39,000	42,000	39,000	42,000
Pension and postretirement benefits	6,194	21,474	6,194	21,474
Tax credit carryforwards	(21,150)	(19,183)	-	-
Gas properties related	6,230	(9,535)	-	-
Nuclear fuel outage	(3,233)	(5,061)	(3,233)	(5,061)
AMT credit	(4,093)	(4,258)	-	-
Other	29,230	14,906	48,794	33,704
Net deferred tax liability before				
valuation allowance	574,157	573,864	612,734	625,638
Valuation allowance (See Note 19)	15,779	15,779	-	-
Net deferred tax liability	$ 589,936	$ 589,643	$ 612,734	$ 625,638

The net deferred income tax liability consisted of the following:

December 31	Great Plains Energy 2002	Great Plains Energy 2001	Consolidated KCP&L 2002	Consolidated KCP&L 2001
		(thousands)		
Gross deferred income tax assets	$(129,741)	$(125,413)	$ (91,000)	$ (73,640)
Gross deferred income tax liabilities	719,677	715,056	703,734	699,278
Net deferred income tax liability	$ 589,936	$ 589,643	$ 612,734	$ 625,638

9. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In January of 1997, KLT Energy Services acquired approximately 71% of Custom Energy from ELC. In February of 1999, Custom Energy acquired 100% of the outstanding ownership interest in Strategic Energy from SE Holdings, L.L.C. (SE Holdings) in exchange for 25% of the ownership interest in Custom Energy. In a December 1999 reorganization, Custom Energy changed its name to Custom Energy Holdings and transferred all of its operations to a new wholly owned subsidiary called Custom Energy. After the reorganization, Custom Energy Holdings' assets consisted of its ownership interests in Strategic Energy and Custom Energy. Through a series of transactions, KLT Energy Services had increased its indirect ownership position in Strategic Energy to approximately 83% as of December 31, 2001. In a July 2002 transaction, Custom Energy was distributed to KLT Energy Services and a third-party investor, resulting in Strategic Energy being the sole subsidiary of Custom Energy Holdings. ELC continued to own a 6% indirect ownership interest in Strategic Energy, while SE Holdings owns an 11% interest in Strategic Energy. Richard Zomnir, President and Chief Executive Officer of Strategic Energy, holds a 56% interest in SE Holdings. Gregory Orman, former Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy and former President and CEO of KLT Inc., held a 67% interest in ELC. The other 33% interest in ELC was held by an employee of Great Plains Energy. Both persons were officers and shareholders of ELC before they became officers or employees of the Company.

On November 5, 2002, the Board of Directors of the Company approved the merger of ELC into IEC, a recently created wholly-owned subsidiary of the Company. The merger was consummated on November 7, 2002, with IEC being the surviving company after the merger. In exchange for their entire ownership interest in ELC, the two shareholders received $15.1 million in Great Plains Energy common stock and notes issued by Great Plains Energy and IEC. Great Plains Energy issued 387,596 common shares of Great Plains Energy common stock, valued at $8.0 million, which was distributed to the ELC shareholders in proportion to their interests in that company. Great Plains Energy also issued a promissory note to Mr. Orman in the principal amount of approximately $4.7 million, and IEC issued a promissory note to the other shareholder of ELC in the principal amount of approximately $2.4 million. Both notes were paid in January 2003.

As a result of the merger, Great Plains Energy now holds an 89% indirect ownership interest in Strategic Energy through KLT Energy Services and IEC. Certain employees of Strategic Energy, including Mr. Zomnir, indirectly hold through SE Holdings the remaining ownership interest in Strategic Energy.

Custom Energy Holdings' business and affairs are controlled and managed by a three member Management Committee composed of one representative designated by KLT Energy Services, one representative designated by IEC and one representative designated by SE Holdings. Certain actions (including amendment of Custom Energy Holdings' operating agreement, approval of actions in contravention of the operating agreement, approval of a dissolution of Custom Energy Holdings, additional capital contributions and assumption of recourse indebtedness) require the unanimous consent of all the members of Custom Energy Holdings. Certain other actions (including mergers with

Custom Energy Holdings, acquisitions by Custom Energy Holdings, assumption of non-recourse indebtedness, sales of substantial assets, approval of distributions, filing of registration statements, partition of assets, admission of new members and transfers of interests in Custom Energy Holdings) can be approved by the Management Committee, but to the extent they affect the rights, obligations, assets or business of Strategic Energy, the approval of the Strategic Energy Management Committee is also required.

Strategic Energy's business and affairs are controlled and managed exclusively by a four member Management Committee composed of two representatives designated by KLT Energy Services, one representative designated by IEC and one representative designated by SE Holdings. Certain actions (including amendment of Strategic Energy's operating agreement, approval of actions in contravention of the operating agreement, approval of transactions between Strategic Energy and affiliates of its members, approval of a dissolution of Strategic Energy, and assumption of recourse indebtedness) require the unanimous consent of all the Management Committee representatives of Strategic Energy.

On September 30, 2000, KLT Energy Services exercised an option to purchase 1,411,765 shares of Bracknell common stock owned by Reardon. KLT Energy Services received 1,136,789 common shares of Bracknell at $4.25 per share and a warrant to purchase the remaining 274,976 shares at an exercise price of $4.25 per share. In May 2001, KLT Energy Services exercised the warrant for 274,976 shares at $4.25 per share and sold 278,600 shares of Bracknell common stock in June 2001 at $4.48 per share. In November 2001, Bracknell common stock ceased trading at a last sale price of $0.13 per share and KLT Energy Services wrote off its investment in Bracknell. Bracknell common stock is no longer traded. Gregory Orman, former Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy and former President and CEO of KLT Inc., owned 55% of the membership interests of Reardon and approximately 1% of Bracknell.

10. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

Liability Insurance
The Price-Anderson Act currently limits the combined public liability of nuclear reactor owners to $9.4 billion for claims that could arise from a single nuclear incident. The owners of Wolf Creek, a nuclear generating station, (the Owners) carry the maximum available commercial insurance of $0.2 billion. Secondary Financial Protection, an assessment plan mandated by the NRC, provides insurance for the $9.2 billion balance.

Under Secondary Financial Protection, if there were a catastrophic nuclear incident involving any of the nation's licensed reactors, the Owners would be subject to a maximum retrospective assessment per incident of up to $88 million ($41 million, KCP&L's 47% share). The Owners are jointly and severally liable for these charges, payable at a rate not to exceed $10 million ($5 million, KCP&L's 47% share) per incident per year, excluding applicable premium taxes. The assessment, most recently revised in 1998, is subject to an inflation adjustment based on the Consumer Price Index and renewal of the Price-Anderson Act by Congress.

Property, Decontamination, Premature Decommissioning and Extra Expense Insurance
The Owners also carry $2.8 billion ($1.3 billion, KCP&L's 47% share) of property damage, decontamination and premature decommissioning insurance for loss resulting from damage to the Wolf Creek facilities. Nuclear Electric Insurance Limited (NEIL) provides this insurance.

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

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

Under all NEIL policies, KCP&L is subject to retrospective assessments if NEIL losses, for each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum amount of retrospective assessments to KCP&L under the current policies could total about $24.5 million.

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

Low-Level Waste

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact and selected a site in northern Nebraska to locate a disposal facility. WCNOC and the owners of the other five nuclear units in the Compact provided most of the pre-construction financing for this project. KCP&L's net investment in the Compact was $7.4 million at December 31, 2002 and 2001.

Significant opposition to the project has been raised by Nebraska officials and residents in the area of the proposed facility and attempts have been made through litigation and proposed legislation in Nebraska to slow down or stop development of the facility. On December 18, 1998, the application for a license to construct this project was denied. After the license denial, WCNOC and others filed a lawsuit in federal court contending Nebraska officials acted in bad faith while handling the license application. In September 2002, the U.S. District Court Judge presiding over the Central Interstate Compact Commission's federal "bad faith" lawsuit against the State of Nebraska issued his decision in the case finding clear evidence that the State of Nebraska acted in bad faith in processing the license application for a low-level radioactive waste disposal site in Nebraska and rendered a judgment in the amount of $151.4 million against the state. The state has appealed this decision to the 8th Circuit, U.S. Court of Appeals. Based on the favorable outcome of this trial, in KCP&L's opinion, there is a greater possibility of reversing the state's license denial once the decision in this case is final.

In May 1999, the Nebraska legislature passed a bill withdrawing Nebraska from the Compact. In August 1999, the Nebraska Governor gave official notice of the withdrawal to the other member states. Withdrawal will not be effective for five years and will not, of itself, nullify the site license proceeding.

Environmental Matters

KCP&L's operations are subject to regulation by federal, state and local authorities with regard to air and other environmental matters. The generation and transmission 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 KCP&L.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. Governmental bodies, however, may impose additional or more restrictive environmental regulations that could require substantial changes to operations or facilities at a significant cost. At December 31, 2002 and 2001, KCP&L had $1.9 million accrued for environmental remediation expenses covering water monitoring at one site and unasserted claims for remediation at a second site. The amounts accrued were established on an undiscounted basis and KCP&L does not currently have an estimated time frame over which the accrued amounts may be paid out. Expenditures to comply with environmental laws and regulations have not been material in amount during the periods presented and are not expected to be material in the upcoming years with the exception of the issues discussed below.

Certain Air Toxic Substances

In July 2000, the National Research Council published its findings of a study under the Clean Air Act which stated that power plants that burn fossil fuels, particularly coal, generate the greatest amount of mercury emissions. As a result, in December 2000, the EPA announced it would propose Maximum Achievable Control Technology (MACT) requirements by December 2003 to reduce mercury emissions and issue final rules by December 2004. Until the rules are proposed, KCP&L cannot predict the likelihood or compliance costs of such regulations.

Air Particulate Matter

In July 1997, the EPA revised ozone and particulate matter air quality standards creating a new eight-hour ozone standard and establishing a new standard for particulate matter less than 2.5 microns (PM-2.5) in diameter. These standards were challenged in the U. S. Court of Appeals for the District of Columbia (Appeals Court) that decided against the EPA. Upon further appeal, the U. S. Supreme Court reviewed the standards and remanded the case back to the Appeals Court for further review, including a review of whether the standards were arbitrary and capricious. On March 26, 2002, the Appeals Court issued its decision on challenges to the 8-hour ozone and PM-2.5 national ambient air quality standards (NAAQS). This decision denies all state, industry and environmental groups petitions for review and thus upheld as valid the EPA's new 8-hour ozone and PM-2.5 NAAQS. In so doing, the court held that the EPA acted consistently with the Clean Air Act in setting the standards at the levels it chose and the EPA's actions were reasonable and not arbitrary and capricious, and cited the deference given the EPA's decision-making authority. The court stated that the extensive records established for each rule supported the EPA's actions in both rulemakings.

This decision by the Appeals Court removed the last major hurdle to the EPA's implementation of stricter ambient air quality standards for ozone and fine particles. The EPA has not yet issued regulations incorporating the new standards. Until new regulations are issued, KCP&L is unable to estimate the impact of the new standards. However, the impact on KCP&L and all other utilities that use fossil fuels could be substantial. In addition, the EPA is conducting a three-year study of fine particulate ambient air levels. Until this testing and review period has been completed, KCP&L cannot determine additional compliance costs, if any, associated with the new particulate regulations.

Nitrogen Oxide

The EPA announced in 1998 regulations implementing reductions in NOx emissions. These regulations initially called for 22 states, including Missouri, to submit plans for controlling NOx emissions. The regulations require a significant reduction in NOx emissions from 1990 levels at KCP&L's Missouri coal-fired plants by the year 2003.

In December 1998, KCP&L and several other western Missouri utilities filed suit against the EPA over the inclusion of western Missouri in the NOx reduction program based on the 1-hour NOx standard. On March 3, 2000, a three-judge panel of the District of Columbia Circuit of the U.S. Court of Appeals sent the NOx rules related to Missouri back to the EPA, stating the EPA failed to prove that fossil plants in the western part of Missouri significantly contribute to ozone formation in downwind states. On March 5, 2001, the U.S. Supreme Court denied certiorari, making the decision of the Court of Appeals final.

In February 2002, the EPA issued proposed Phase II NOx SIP Call regulation which specifically excludes the fossil plants in the western part of Missouri from the NOx SIP Call. To date, the EPA has not issued its final Phase II NOx SIP Call regulation.

If fossil plants in western Missouri are required to implement NOx reductions, KCP&L would need to incur significant capital costs, purchase power or purchase NOx emission allowances. Preliminary analysis of the regulations indicates that selective catalytic reduction technology, as well as other changes, may be required for some of the KCP&L units. Currently, KCP&L estimates that additional capital expenditures to comply with these regulations could range from $40 million to $60 million. Operations and maintenance expenses could also increase by more than $2.5 million per year. KCP&L continues to refine these preliminary estimates and explore alternatives. The ultimate cost of these regulations, if any, could be significantly different from the amounts estimated above.

Carbon Dioxide

At a December 1997 meeting in Kyoto, Japan, delegates from 167 nations, including the United States, agreed to a treaty (Kyoto Protocol) that would require a seven percent reduction in United States carbon dioxide (CO_2) emissions below 1990 levels. Although the United States agreed to the Kyoto Protocol, the treaty has not been sent to Congress for ratification. The financial impact on KCP&L of future requirements in the reduction of CO_2 emissions cannot be determined until specific regulations are adopted.

Clean Air Legislation

Congress has debated numerous bills that would make significant changes to the current federal Clean Air Act including potential establishment of nationwide limits on power plant emissions for several specific pollutants. These bills have the potential for a significant financial impact on KCP&L through the installation of new pollution control equipment to achieve compliance with the new nationwide limits. The financial consequences to KCP&L cannot be determined until the final legislation is passed. KCP&L will continue to monitor the progress of these bills.

Proposed Water Use Regulations

In February 2002, the EPA issued proposed rules related to certain existing power producing facilities that employ cooling water intake structures that withdraw 50 million gallons or more per day and use 25% or more of that water for cooling purposes. The proposed rules establish national minimum performance requirements designed to minimize adverse environmental impact. The EPA must take final action by August 2003. KCP&L will continue to monitor the progress of this rulemaking. The impact of these proposed rules has not yet been quantified, however, KCP&L's generating stations would be affected.

Nuclear Fuel Commitments

As of December 31, 2002, KCP&L's 47% share of Wolf Creek nuclear fuel commitments included $21.5 million for enrichment through 2006, $57.5 million for fabrication through 2025 and $5.7 million for uranium and conversion through 2003.

Coal Contracts

KCP&L's share of coal purchased under existing contracts was $49.5 million in 2002, $44.6 million in 2001, and $31.1 million in 2000. Under these coal contracts, KCP&L's remaining share of purchase commitments totals $105.1 million. Obligations for the years 2003 through 2005 based on estimated prices for those years total $46.0 million, $28.5 million and $30.6 million, respectively. The remainder of KCP&L's coal requirements will be fulfilled through additional contracts or spot market purchases.

Purchased Capacity Commitments

KCP&L purchases capacity from other utilities and nonutility suppliers. Purchasing capacity provides the option to purchase energy if needed or when market prices are favorable. This can be a cost-effective alternative to new construction. KCP&L capacity purchases totaled $18.5 million, $17.7 million and $25.4 million in 2002, 2001 and 2000, respectively. As of December 31, 2002, contracts to purchase capacity totaled $90.5 million through 2016. These commitments average $19 million in 2003 and 2004, $10 million in 2005 and $4 million in 2006 and 2007. Capacity sales contracts to supply municipalities in the years 2003 through 2007 average $12 million per year. For the next five years, net capacity contracts average under 1% of KCP&L's estimated 2003 total available generating capacity.

Strategic Energy Purchased Power Energy Commitments

Strategic Energy has entered into agreements to purchase electricity at various fixed prices to meet estimated supply requirements. Commitments at December 31, 2002, under these agreements total $1,092.3 million through 2010. Commitments for the years 2003 through 2007 total $500.4 million, $299.5 million, $222.1 million, $50.1 million, and $8.6 million, respectively. See Note 17 for further discussion.

Leases

Great Plains Energy's lease expense, excluding DTI, was about $27.4 million, $30.6 million and $27.9 million during 2002, 2001 and 2000, respectively. The remaining rental commitments under leases total $266.7 million ending in 2028. Obligations for the years 2003 through 2007 average $30.4 million per year. These amounts exclude possible termination payments under the synthetic lease arrangement discussed below.

Consolidated KCP&L Leases

Consolidated KCP&L's lease expense, excluding DTI, was $25.7 million, $29.6 million and $27.3 million during 2002, 2001 and 2000, respectively. The remaining rental commitments under leases total $263.4 million ending in 2028. Obligations for the years 2003 through 2007 average $29.8 million per year. These amounts exclude possible termination payments under the synthetic lease arrangement discussed below.

KCP&L has a transmission line lease with another utility through September 2025 whereby, with the FERC's approval, the rental payments can be increased by the lessor. If this occurs and KCP&L is able to secure an alternative transmission path, KCP&L can cancel the lease. Commitments under this lease total $1.9 million per year and $43.0 million over the remaining life of the lease, assuming it is not canceled.

KCP&L's expense for other leases, including railcars, computer equipment, buildings, transmission line and other items, approximated $25 million annually for the last three years. The remaining rental commitments under these leases total $186.6 million through 2028. Obligations for the years 2003 through 2007 average $21 million per year. Capital leases are not material and are included in these amounts.

As the managing partner of three jointly-owned generating units, KCP&L has entered into leases for railcars to serve those units. KCP&L has reflected the entire lease commitment in the above amounts although about $1.9 million per year ($24.4 million total) will be reimbursed by the other owners.

In 2001, KCP&L entered into a synthetic lease arrangement with a Trust (Lessor) to finance the purchase, installation, assembly and construction of five combustion turbines and related property and equipment that will add 385 MWs of peaking capacity (Project). The Trust is a special-purpose entity and has an aggregate financing commitment from third-party equity and debt participants of $176 million, amended during the third quarter 2002 to adjust the amount financed from the previously estimated $200 million to reflect a reduction in the estimated cost for the purchase, installation, assembly and construction of the five combustion turbines. In accordance with SFAS No. 13 "Accounting for Leases," and related EITF issues (including EITF Issue No. 90-15, "Impact of Non-substantive Lessors, Residual Value Guarantees, and Other Provisions in Leasing Transactions" and EITF Issue No. 97-10, "The Effect of Lessee Involvement in Asset Construction"), the Project and related lease obligations are not included in KCP&L's consolidated balance sheet. The Lessor has appointed KCP&L as supervisory agent responsible for completing construction of the Project by no later than June 2004. The initial lease term is approximately three and one quarter years, beginning at the date of construction completion, which is expected to be June 2003. At the end of the lease term (October 2006), KCP&L may choose to sell the Project for the Lessor, guaranteeing to the Lessor a residual value for the Project in an amount which may be up to 83.21% of the project cost. If KCP&L does not elect the sale option, KCP&L must either extend the lease, if it can obtain the consent of the Lessor, or purchase the Project for the outstanding project cost. KCP&L also has contingent obligations to the Lessor upon an event of a default during both the construction period and lease period. Upon a default in the construction period, KCP&L's maximum obligation to the Lessor equals (i) in the circumstances of bankruptcy, fraud, illegal acts, misapplication of funds and willful misconduct, 100% of then-incurred project costs, and (ii) in all other circumstances, an amount which may be up to 89.9% of then-incurred project costs that are capitalizable in accordance with GAAP. At December 31, 2002, cumulative project costs were approximately $127.4 million. Upon a default during the lease period, KCP&L's maximum obligation to the Lessor equals 100% of project costs. KCP&L's rental obligation, which reflects interest payments only, is expected to be approximately $28.2 million in the aggregate.

In January 2003, the FASB issued Interpretation No. 46. The Interpretation clarifies the application of ARB No. 51, "Consolidated Financial Statements", to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties (Variable Interest Entities). The Trust, acting as Lessor in the synthetic lease arrangement discussed above, is considered a Variable Interest Entity under the Interpretation. Because KCP&L has variable interests in the Trust, including among other things, a residual value guarantee provided to the Lessor, KCP&L is the primary beneficiary of the Trust. Accordingly, KCP&L will be required to consolidate the Trust at July 1, 2003. Great Plains Energy's and consolidated KCP&L's utility plant and long-term debt will increase $176 million upon consolidation of the Trust.

Other Consolidated KCP&L Leases
RSAE has entered into capital leases for vehicles, office equipment and software. Lease expense was about $1 million per year in 2002 and 2001. Obligations average about $2 million per year for the years 2003 and 2004, $1 million in 2005 and $0.5 million in 2006 and 2007.

Other Great Plains Energy Leases
Great Plains Energy's other subsidiaries have entered operating leases for buildings, compressors, communications equipment and other items. Lease expense was about $1.7 million in 2002 and about $1 million per year during 2001 and 2000. Obligations average about $1 million per year for the years 2003 and 2004 and $0.5 million per year for the years 2005 through 2007.

Put Option Held by Minority Interests in Strategic Energy
As of November 7, 2002, Great Plains Energy indirectly owns 89% of Strategic Energy. SE Holdings has a put option to sell all or part of its 11% interest in Strategic Energy to Custom Energy Holdings at any time within the 90 days following January 31, 2004, under certain circumstances, at fair market

value. Fair market value would be determined by the mutual agreement of the parties, or if an agreement cannot be reached, by third party appraisal.

Internal Revenue Service Settlement - Corporate-Owned Life Insurance
During 2000, KCP&L recorded a $12.7 million charge for the federal and states income tax impact of the proposed disallowance of interest deductions on COLI loans and assessed interest on the disallowance for tax years 1994 to 1998. In November 2002, KCP&L accepted a settlement offer related to COLI from the IRS. The offer allows 20% of the interest originally deducted and taxes only 20% of the gain on surrender of the COLI policies. KCP&L surrendered the policies in February 2003. Acceptance of the offer had an immaterial impact on earnings. KCP&L will make cash payments to the IRS in 2003 of approximately $11.2 million to satisfy the liability. KCP&L paid $1.5 million to the IRS in 2001 related to the disallowance of the COLI deduction.

11. GUARANTEES

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.

As prescribed in FASB Interpretation No. 45, the Company will begin recording a liability for the fair value of the obligation it has undertaken for guarantees issued after December 31, 2002. The liability recognition requirements of FASB Interpretation No. 45 are to be applied on a prospective basis to guarantees issued or modified after December 31, 2002, while the disclosure requirements are to be applied to all guarantees. The interpretation does not encompass guarantees of the Company's own future performance. KCP&L believes it will record an immaterial amount for the fair value of guarantees expected to be issued in 2003 for the residual value of vehicles and heavy equipment under an operating lease.

The following table reflects Great Plains Energy's and consolidated KCP&L's maximum potential amount of future payments that could be required under guarantees and describes those guarantees:

Guarantor	Maximum potential amount of future payments under guarantee (millions)	Nature of Guarantee
KCP&L	$12.8	Guaranteed energy savings under agreements with several customers that expire over the next 8 years. In most cases, a subcontractor would indemnify KCP&L for any payments made by KCP&L under these guarantees.
KCP&L	8.1	Guarantees for residual value of vehicles and heavy equipment under an operating lease. Guaranteed residual values average approximately $0.7 million per year through 2012.
Total consolidated KCP&L	20.9	
KLT Inc.	0.9	KLT Inc. issued a letter of credit related to the sale of demand side management credits by Custom Energy, L.L.C. which renews annually and has 5 years remaining.
KLT Energy Services	3.0	Custom Energy, L.L.C. has indemnified construction performance bonds totaling $9.7 million, which are secured by KLT Energy Services' $3.0 million ownership interest in Custom Energy, L.L.C. These bonds are expected to expire in 2003.
Total Great Plains Energy	$24.8	

KCP&L has also entered into a synthetic lease arrangement with a Trust (Lessor). At the end of the lease term (October 2006), KCP&L may choose to sell the project for the Lessor, guaranteeing to the Lessor a residual value for the Project in an amount which may be up to 83.21% of the project cost. As a result of the new consolidation requirements of FASB Interpretation No. 46, the synthetic lease arrangement will be consolidated in the third quarter of 2003. See Note 10 for additional information regarding KCP&L's synthetic lease arrangement.

12. ASSET RETIREMENT OBLIGATIONS

During 2001, the FASB issued SFAS No. 143. SFAS No. 143 provides accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. Under the standard, these liabilities are recognized at fair value as incurred and capitalized as part of the cost of the related long-lived asset. Accretion of the liabilities due to the passage of time is recorded as an operating expense. Effective January 1, 2003, the Company adopted the provisions of SFAS No. 143.

The adoption of SFAS No. 143 required KCP&L to recognize an estimated liability for its 47% share of the estimated cost to decommission Wolf Creek. The liability to decommission Wolf Creek was incurred when the plant was placed in service in 1985. The estimated liability is based on a third party nuclear decommissioning study conducted in 2002, that is updated every three years for filing with the MPCS and the KCC. To calculate the retirement obligation, KCP&L used a credit-adjusted risk free discount rate of 6.42%. This rate is based on the rate KCP&L could issue 30-year bonds, adjusted downward to reflect the portion of the anticipated costs in current year dollars that have been funded to date through the tax-qualified trust fund. The cumulative impact of prior decommissioning accruals recorded consistent with rate orders from its regulatory commissions has been reversed and a new regulatory contra-asset for such amounts has been established. Amounts collected through these rate orders have been deposited in a legally restricted external trust fund, the fair market value of which was $63.3 million at December 31, 2002.

KCP&L also must recognize, where possible to estimate, the future costs to settle other legal liabilities including the removal of water intake structures on rivers, capping/filling of piping at levees following steam power plant closures and capping/closure of ash landfills. Estimates for these liabilities are based on internal engineering estimates of third party costs to remove the assets in satisfaction of legal obligations and have been discounted using credit adjusted risk free rates ranging from 5.25% to 7.50% depending on the anticipated settlement date.

KLT Gas has estimated liabilities for gas well plugging and abandonment, facility removal and surface restoration. These estimates are based upon internal estimates of third party costs to satisfy the legal obligations and have been discounted using credit adjusted risk free rates ranging from 6.00% to 7.25%, depending upon the anticipated settlement date.

Revisions to the estimated liabilities of KCP&L and KLT Gas could occur due to changes in the decommissioning or other cost estimates, extension of the nuclear operating license or changes in federal or state regulatory requirements.

In conjunction with the adoption of SFAS No.143 in January 2003, KCP&L recorded an asset retirement obligation of $99.2 million and increased property and equipment, net of accumulated depreciation, by $18.3 million. KCP&L is a regulated utility subject to the provisions of SFAS No. 71. As a result, the $80.9 million cumulative effect of the adoption of SFAS No. 143 was recorded as a regulatory asset and therefore, had no impact on net income.

As a result of its adoption of SFAS No. 143, KLT Gas recorded an asset retirement obligation of $1.3 million, increased property and equipment by $1.0 million and increased operating expense by $0.3 million. KLT Gas did not reflect the $0.2 million ($0.3 million of operating expense reduced by $0.1 million of income tax) as a cumulative effect due to its immateriality.

If the provisions of SFAS No. 143 had been applied to the consolidated balance sheets presented, Consolidated KCP&L's liability for asset retirement obligations would have been $99.2 million and $93.1 million at December 31, 2002 and 2001, respectively. Great Plains Energy's liability for asset retirement obligations would have also included the KLT Gas liabilities of $1.3 million and $1.1 million at December 31, 2002 and 2001, respectively.

KCP&L has legal asset retirement obligations for certain other assets where it is not possible to estimate the time period when the obligations will be settled. Consequently, the retirement obligations cannot be measured at this time. For transmission easements obtained by condemnation, KCP&L must remove its transmission lines if the line is de-energized. It is extremely difficult to obtain siting for new transmission lines. Consequently, KCP&L does not anticipate de-energizing any of its existing lines. KCP&L also operates, under state permits, ash landfills at several of its power plants. While the life of the ash landfill at one plant can be estimated and is included in the estimated liabilities above, the future life of ash landfills at other permitted landfills cannot be estimated. KCP&L can continue to maintain permits for these landfills after the adjacent plant is closed.

13. SEGMENT AND RELATED INFORMATION

Great Plains Energy
Great Plains Energy has three reportable segments based on its method of internal reporting, which generally segregates the reportable segments based on products and services, management responsibility and regulation. During 2002, the Company's management revised its corporate business strategy focusing on the following three reportable business segments: (1) KCP&L, an integrated electric utility, generates, transmits and distributes electricity; (2) Strategic Energy delivers electricity to retail customers under long-term contracts for wholesale power purchased under long-term contracts, operating in several retail choice electricity markets; and (3) KLT Gas explores for, develops, and produces unconventional natural gas resources, including coalbed methane properties. "Other" includes the operations of HSS and GPP, all KLT Inc. operations other than Strategic Energy and KLT Gas, unallocated corporate charges and intercompany eliminations. The summary of significant accounting policies applies to all of the reportable segments. Segment performance is evaluated based on net income.

The tables below reflect summarized financial information concerning Great Plains Energy's reportable segments. Prior year information has been restated to conform to the current presentation.

2002	KCP&L	Strategic Energy	KLT Gas	Other	Great Plains Energy
			(millions)		
Operating revenues	$1,009.9	$ 789.5	$ 1.1	$ 61.4	$1,861.9
Depreciation and depletion	(144.3)	(0.9)	(2.5)	(3.9)	(151.6)
Loss from equity investments	-	-	-	(1.2)	(1.2)
Interest charges	(80.3)	(0.3)	(0.3)	(8.2)	(89.1)
Income taxes	(63.4)	(25.2)	10.3	30.0	(48.3)
Cumulative effect of a change in accounting principle	-	-	-	(3.0)	(3.0)
Net income (loss)	102.9	29.7	-	(6.4)	126.2

2001	KCP&L	Strategic Energy	KLT Gas	Other	Great Plains Energy
			(millions)		
Operating revenues	$ 967.5	$ 411.9	$ 0.3	$ 82.2	$1,461.9
Depreciation and depletion	(136.3)	(0.3)	(1.8)	(20.4)	(158.8)
Income (loss) from equity investments	-	-	1.0	(1.4)	(0.4)
Interest charges	(78.1)	(0.5)	-	(24.7)	(103.3)
Income taxes	(51.6)	(15.2)	0.1	102.6	35.9
Early extinguishment of debt	-	-	-	15.9	15.9
Net income (loss)	98.0	21.8	14.3	(158.3)	(24.2)

2000	KCP&L	Strategic Energy	KLT Gas (millions)	Other	Great Plains Energy
Operating revenues	$ 952.0	$ 129.6	$ 30.5	$ 3.8	$1,115.9
Depreciation and depletion	(124.3)	(0.4)	(6.0)	(1.7)	(132.4)
Income (loss) from equity investments	-	-	3.6	(23.0)	(19.4)
Interest charges	(62.8)	(0.2)	(3.5)	(9.2)	(75.7)
Income taxes	(52.9)	(3.6)	(36.3)	39.6	(53.2)
Cumulative effect of a change in accounting principle	30.1	-	-	-	30.1
Net income (loss)	88.1	5.9	79.2	(14.5)	158.7

2002	KCP&L	Strategic Energy	KLT Gas (millions)	Other	Great Plains Energy
Assets	$3,084.5	$ 226.0	$ 49.8	$ 146.4	$3,506.7
Capital and investment expenditures (a)	135.5	2.1	8.7	4.6	150.9
2001					
Assets(b)	$3,089.4	$ 129.1	$ 57.6	$ 188.3	$3,464.4
Capital and investment expenditures (a)	265.8	1.5	25.0	82.0	374.3
2000					
Assets	$2,980.9	$ 47.7	$ 239.6	$ 25.7	$3,293.9
Net equity method investments (c)	-	-	21.7	8.6	30.3
Capital and investment expenditures (a)	406.1	0.2	45.2	30.5	482.0

(a) Capital and investment expenditures reflect annual amounts for the periods presented.
(b) KCP&L assets do not match the KCP&L assets in the consolidated KCP&L segment table due to the reclassification of accrued taxes to current income taxes during consolidation with Great Plains Energy.
(c) Excluding affordable housing limited partnerships.

Consolidated KCP&L

On October 1, 2001, consolidated KCP&L distributed, as a dividend, its ownership interest in KLT Inc. and GPP to Great Plains Energy. As a result, those companies are direct subsidiaries of Great Plains Energy and have not been included in consolidated KCP&L's results of operations and financial position since October 1, 2001.

The table below reflects summarized financial information for the years 2002 and 2001 concerning consolidated KCP&L's reportable segment. For the year 2000, consolidated KCP&L's segment information is identical to the Great Plains Energy segment information presented above. Other includes the operations of HSS and immaterial intercompany eliminations.

2002	KCP&L	Other (millions)	Consolidated KCP&L
Operating revenues	$1,009.9	$ 61.4	$1,071.3
Depreciation and depletion	(144.3)	(3.6)	(147.9)
Interest charges	(80.3)	(1.7)	(82.0)
Income taxes	(63.4)	0.5	(62.9)
Cumulative effect of a change in accounting principle	-	(3.0)	(3.0)
Net income (loss)	102.9	(7.2)	95.7

2001	KCP&L	Other	Subsidiaries transferred to Great Plains Energy (millions)	Consolidated KCP&L
Operating revenues	$ 967.5	$ 66.2	$ 317.2	$1,350.9
Depreciation and depletion	(136.3)	(2.4)	(14.3)	(153.0)
Loss from equity investments	-	(0.1)	(0.4)	(0.5)
Interest charges	(78.1)	(1.7)	(17.8)	(97.6)
Income taxes	(51.6)	0.3	20.9	(30.4)
Early extinguishment of debt	-	-	15.9	15.9
Net income (loss)	98.0	(5.6)	27.3	119.7

2002	KCP&L (millions)	Other	Subsidiaries transferred to Great Plains Energy	Consolidated KCP&L
Assets	$ 3,084.5	$ 54.7	$ -	$ 3,139.2
Capital and investment expenditures (a)	135.5	1.2	-	136.7
2001				
Assets	$ 3,092.5	$ 53.1	$ -	$ 3,145.6
Capital and investment expenditures (a)	265.8	1.1	85.9	352.8

(a) Capital and investment expenditures reflect annual amounts for the periods presented.

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

During the first quarter of 2002, Great Plains Energy terminated its $129 million bridge revolving credit facility. Great Plains Energy replaced the bridge facility with a $205 million syndicated 364-day, revolving credit facility with a group of banks. During June 2002, Great Plains Energy entered into a separate $20 million 364-day revolving credit facility with a bank. At December 31, 2002, Great Plains Energy had $14.0 million of outstanding borrowings, at an average interest rate of 2.27%, under the facilities. At December 31, 2001, Great Plains Energy had $124 million of outstanding borrowings under its $129 million bridge revolving credit facility with a weighted-average interest rate of 3.0%.

Both facilities require a ratio of Great Plains Energy indebtedness to consolidated capitalization of not more than 0.65 to 1.0. At December 31, 2002, the total indebtedness to consolidated capitalization calculated in accordance with the covenant was 0.55 to 1.0; therefore, the Company was in compliance with the covenant. A default by Great Plains Energy or any of its significant subsidiaries on more than $25 million of indebtedness is also a default under both facilities. Both facilities also require the ratio of consolidated EBITDA for the four quarters ending on such date to consolidated interest charges be less than 2.0 to 1.0. At December 31, 2002, the ratio was 5.99; therefore, the Company was in compliance with the covenant.

Strategic Energy has a $30 million short-term bank credit agreement that expires in March 2003. At December 31, 2002 and 2001, Strategic Energy had no short-term borrowings outstanding.

KCP&L's short-term borrowings consist of funds borrowed from banks or through the sale of commercial paper as needed. As of December 31, 2002, there was no commercial paper outstanding. The weighted-average interest rate on the $62.0 million of commercial paper outstanding as of December 31, 2001, was 3.2%. Under minimal fee arrangements, KCP&L's short-term bank lines of credit totaled $126.0 million as of December 31, 2002, and $196.0 million with $134.0 million unused as of December 31, 2001.

A default by KCP&L on other indebtedness is a default under these bank line agreements. Under the terms of certain bank line agreements, KCP&L is required to maintain a consolidated indebtedness to consolidated capitalization ratio not greater than 0.65 to 1.0 at all times. At December 31, 2002, the consolidated indebtedness to consolidated capitalization ratio calculated in accordance with the covenant was 0.60 to 1.0; therefore, the Company was in compliance with the covenant.

RSAE has a $25.0 million short-term bank credit agreement that increased from $22.0 million at December 31, 2001. Great Plains Energy has entered into a support agreement with RSAE and the lender that ensures adequate capital to operate RSAE. At December 31, 2002, RSAE had $23.6 million of outstanding borrowings under the agreement with a weighted-average interest rate of 4.75%. At December 31, 2001, RSAE had $20.4 million of outstanding borrowings under the agreement with a weighted-average interest rate of 6.8%.

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

KCP&L General Mortgage Bonds

KCP&L has issued mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. The Indenture creates a mortgage lien on substantially all utility plant. Mortgage bonds secure $337.8 million and $364.8 million of medium-term notes and EIRR bonds (see discussion below) at December 31, 2002 and 2001, respectively.

In December 2002, KCP&L secured bond insurance policies as a credit enhancement to its Series 1993A and 1993B EIRR bonds, which aggregate $79.5 million. The insurance agreement between KCP&L and XL Capital Assurance Inc. (XLCA), the issuer of the bond insurance policies, provides for reimbursement by KCP&L for any amounts that XLCA pays under the bond insurance policies. The insurance agreement contains a covenant that the indebtedness to total capitalization ratio of KCP&L and its consolidated subsidiaries will not be greater than 0.68 to 1.0. KCP&L is also restricted from issuing additional bonds under its General Mortgage Indenture if, after giving effect to such additional bonds, the proportion of secured debt to total indebtedness would be more than 75%, or more than 50% if the long term rating for such bonds by Standard & Poor's or Moody's Investors Service would be at or below A- or A3, respectively. In the event of a default under the insurance agreement, XLCA may take any available legal or equitable action against KCP&L, including seeking specific performance of the covenants.

The EIRR bonds are subject to mandatory redemption within 120 to 180 days of a final determination by the IRS or a court that, as a result of KCP&L failing to perform any of its agreements relating to the bonds, interest paid or payable on the bonds is or was includable in the bondholders' gross income for Federal tax purposes.

KCP&L EIRR Bonds Classified as Current Liabilities

A $31.0 million variable-rate, secured EIRR bond with a final maturity in 2017 is remarketed on a weekly basis, with full liquidity support provided by a 364-day credit facility with one bank. This facility requires KCP&L to represent, as both a condition to renewal and prior to receiving any funding under the facility, that no MAC has occurred. KCP&L's available liquidity under this credit line is not impacted by a decline in credit ratings unless the downgrade occurs in the context of a merger, consolidation, or sale.

The 4.50% interest rate on KCP&L's $50.0 million Series C unsecured EIRR bonds expires on August 31, 2003. If the bonds could not be remarketed, KCP&L would be obligated to either purchase or retire the bonds. The $50.0 million Series C unsecured EIRR bonds and the $31.0 million discussed previously totaled $81.0 million and were classified as current liabilities at December 31, 2002.

In 2001, KCP&L remarketed three series of unsecured EIRR bonds at a fixed rate of 3.25% through August 29, 2002: its Series A and B, $106.5 million due 2015, and Series D, $40.0 million due 2017. The Series A, B and D EIRR bonds and the $31.0 million discussed previously totaled $177.5 million and were classified as current liabilities at December 31, 2001. In 2002, KCP&L remarketed its Series A, B and D EIRR bonds totaling $146.5 million to a five-year fixed interest rate of 4.75% ending October 1, 2007.

KCP&L Unsecured Notes

At December 31, 2002, KCP&L had a total of $200.8 million of unsecured EIRR bonds outstanding. The Series C EIRR bonds, $50.0 million due 2017, have a fixed rate of 4.50% through August 31, 2003, and are classified as current liabilities at December 31, 2002. In 2002, KCP&L remarketed its 1998 Series A, B and D EIRR bonds totaling $146.5 million to a five-year fixed interest rate of 4.75% ending October 1, 2007. The final maturity for Series A and B bonds is 2015 and the final maturity for Series D is 2017. At the end of the fixed interest rate period, the bonds will be subject to mandatory redemption or purchase and KCP&L anticipates remarketing the bonds at which time a new interest rate period and mode will be determined. KCP&L has classified the 1998 Series A, B and D EIRR bonds as long-term debt consistent with the five-year term of the remarketing. Under the previous one-year remarketing term, these three series were classified as current liabilities.

Simultaneously with the remarketing, KCP&L entered into an interest rate swap for the $146.5 million based on LIBOR to effectively create a floating interest rate obligation. The transaction is a fair value hedge with the assumption of no ineffectiveness under SFAS No. 133. The fair value of the swap is recorded on KCP&L's balance sheet as an asset with an offset to the respective debt balances and has no impact on earnings. Future changes in the fair market value of the swap will be similarly recorded on the balance sheet with no impact on earnings. At December 31, 2002, the fair value of the swap was $4.3 million. See Note 17 for additional discussion of the interest rate swap.

KCP&L has a total of $625.0 million of outstanding unsecured senior notes at December 31, 2002. In 2002, KCP&L issued $225.0 million of 6.0% unsecured senior notes, maturing in 2007. The proceeds from the issuance were primarily used to refinance maturing unsecured medium-term notes.

Other Consolidated KCP&L Long-Term Debt

RSAE's long-term debt consists mainly of loans for buildings, leasehold improvements and equipment.

Other Great Plains Energy Long-Term Debt

KLT Investments' affordable housing notes are collateralized by the affordable housing investments. Most of the notes also require the greater of 15% of the outstanding note balances or the next annual installment to be held as cash, cash equivalents or marketable securities. The equity securities held as collateral for these notes, included in other investments and nonutility property on the consolidated balance sheets, were $9.3 million at December 31, 2002 and $12.0 million at December 31, 2001.

Scheduled Maturities

Great Plains Energy's long-term debt maturities for the years 2003 through 2007 are $134.1 million, $60.6 million, $254.2 million, $2.6 million and $227.0 million, respectively. These amounts include consolidated KCP&L's long-term debt maturities for the years 2003 through 2007, of $124.9 million (including $104.0 million of medium term notes called in early 2003), $55.8 million, $250.9 million, $0.9 million and $226.5 million, respectively. In early 2003, KCP&L received a total of approximately $100 million as an equity contribution from Great Plains Energy, which was used to repay the $104.0 million of medium-term notes included in current maturities at December 31, 2002.

16. COMMON STOCK EQUITY, PREFERRED STOCK, REDEEMABLE PREFERRED STOCK AND MANDATORILY REDEEMABLE PREFERRED SECURITIES

Common Stock Equity

In 2002, Great Plains Energy filed a registration statement for the issuance of an aggregate amount up to $300 million of any combination of senior debt securities, subordinated debt securities, trust preferred securities, convertible securities or common stock. During November 2002, Great Plains Energy issued 6.9 million shares of common stock at $22 per share under this registration with $151.8 million in gross proceeds to be used for repayment of debt at Great Plains Energy and KCP&L and for general corporate purposes. Issuance costs of $6.1 million are reflected in Great Plains Energy's capital stock premium and expense line in the December 31, 2002, consolidated statement of capitalization.

Also during November 2002, Great Plains Energy issued 0.4 million shares of common stock valued at $8.0 million in conjunction with the purchase of an additional indirect ownership interest in Strategic Energy. See Note 9 for additional information concerning this transaction.

As of December 31, 2002 and 2001, the Company held 152 shares and 35,916 shares, respectively, of its common stock. The cost of these shares is included in treasury stock on the consolidated statements of capitalization. The shares are held for future distribution upon exercise of options issued in conjunction with the Company's equity compensation plan.

Great Plains Energy has 3.0 million shares of common stock registered with the SEC for a Dividend Reinvestment and Direct Stock Purchase Plan (Plan). The Plan allows for the purchase of common shares by reinvesting dividends or making optional cash payments. Great Plains Energy currently purchases shares for the Plan on the open market.

Great Plains Energy has 8.3 million shares of common stock registered with the SEC for a defined contribution savings plan. The Company matches employee contributions, subject to limits.

Under the 35 Act, Great Plains Energy and KCP&L can pay dividends only out of retained or current earnings, unless authorized to do so by the SEC. Under stipulations with the MPSC and KCC, Great Plains Energy and KCP&L have committed to maintain consolidated common equity of not less than 30% and 35%, respectively. In their application under the 35 Act to establish a registered holding company structure, GPE and KCP&L committed to maintain a consolidated common equity capitalization of at least 30%.

Great Plains Energy's Articles of Incorporation contain a restriction related to the payment of dividends in the event common equity falls to 25% of total capitalization. If preferred stock dividends are not declared and paid when scheduled, Great Plains Energy could not declare or pay common stock dividends or purchase any common shares. If the unpaid preferred stock dividends equal four or more full quarterly dividends, the preferred shareholders, voting as a single class, could elect the smallest number of Directors necessary to constitute a majority of the full Board of Directors.

Under the indenture relating to KCP&L's 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037 (Debentures), which are held by KCP&L Financing I, KCP&L may not declare or pay any dividends on any shares of its capital stock if at the time (i) there is an event of default (as defined in the indenture), (ii) KCP&L is in default with respect to its payment of any obligations under its guarantee of preferred securities issued by KCP&L Financing I, or (iii) KCP&L has elected to defer payments of interest on the Debentures.

In March 2002, Great Plains Energy made a $36.0 million capital contribution to KCP&L increasing capital stock premium and expense to $75.0 million, which is reflected in common stock in the KCP&L consolidated statement of capitalization. In early 2003, Great Plains Energy made an additional capital contribution to KCP&L of approximately $100 million, which was used to pay down long-term debt.

Preferred Stock

As of December 31, 2002, 1.6 million shares of Cumulative No Par Preferred Stock and 11 million shares of no par Preference Stock were authorized under Great Plains Energy's Articles of Incorporation. Great Plains Energy has the option to redeem the $39.0 million of issued Cumulative Preferred Stock at prices approximating par or stated value.

Mandatorily Redeemable Preferred Securities

In 1997, KCP&L Financing I (Trust) issued $150,000,000 of 8.3% preferred securities. The sole asset of the Trust is the $154,640,000 principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCP&L. The terms and interest payments on these debentures correspond to the terms and dividend payments on the preferred securities. KCP&L deducts these payments for tax purposes. KCP&L may elect to defer interest payments on the debentures for a period up to 20 consecutive quarters, causing dividend payments on the preferred securities to be deferred as well. In case of a deferral, interest and dividends will continue to accrue, along with quarterly compounding interest on the deferred amounts. KCP&L may redeem all or a portion of the debentures at anytime but has not elected to redeem any at this time. If KCP&L redeems all or a portion of the debentures, the Trust must redeem an equal amount of preferred securities at face value plus accrued and unpaid distributions. The back-up undertakings in the aggregate provide a full and unconditional guarantee of amounts due on the preferred securities.

17. DERIVATIVE FINANCIAL INSTRUMENTS

On January 1, 2001, the Company adopted SFAS No. 133. SFAS No. 133 requires that every derivative instrument be recorded on the balance sheet as an asset or liability measured at its fair value and that changes in the fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

SFAS No. 133 requires that as of the date of initial adoption, the difference between the fair market value of derivative instruments recorded on the balance sheet and the previous carrying amount of those derivatives be reported in net income or other comprehensive income, as appropriate, as a cumulative effect of a change in accounting principle. The adoption of SFAS No. 133 on January 1, 2001, required the Company to record a $0.2 million expense, net of $0.1 million of income tax. The Company did not reflect this immaterial amount as a cumulative effect. This entry increased interest expense by $0.6 million and reduced purchased power expense by $0.3 million. The Company also recorded $17.4 million, net of $12.6 million of income tax, as a cumulative effect of a change in accounting principle applicable to comprehensive income for its cash flow hedges. Cash flow hedges are derivative instruments used to mitigate the exposure to variability in expected future cash flows attributable to a particular risk.

Derivative Instruments and Hedging Activities

The Company's activities expose it 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 its operating results.

The Company'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. The Company maintains commodity-price risk management strategies that use derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility.

The Company's risk management activities, including the use of derivatives, are subject to the management, direction and control of internal Risk Management Committees.

Interest Rate Risk Management
KCP&L utilizes interest rate management derivatives to adjust the Company's liability portfolio to optimize the mix of fixed and floating rate debt within an established range.

In 2002, KCP&L remarketed its 1998 Series A, B, and D EIRR bonds totaling $146.5 million to a 5-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 LIBOR to effectively create a floating interest rate obligation. The transaction is a fair value hedge with the assumption of no ineffectiveness under SFAS No. 133. The fair value of the swap is recorded on KCP&L's balance sheet as an asset with an offset to the respective debt balances and has no impact on earnings. Future changes in the fair market value of the swap will be similarly recorded on the balance sheet with no impact on earnings. At December 31, 2002, the fair value of the swap was $4.3 million.

KCP&L has two interest rate swap agreements in place to fix the interest rate on $30 million of floating-rate long-term debt. These swaps do not meet the criteria to qualify for hedge accounting. The swap agreements terminate in 2003 and effectively fix the interest at a weighted-average rate of 3.88%. The fair market values of these agreements are recorded as current assets or liabilities and changes in the fair market value of these instruments is recorded as interest expense in the income statement.

In 2000, KCP&L issued $200 million of unsecured, floating rate medium-term notes. Simultaneously, KCP&L entered into interest rate cap agreements to hedge the interest rate risk on the notes. The cap agreements were designated as cash flow hedges. The difference between the fair market value of the cap agreements recorded on the balance sheet at initial adoption and the unamortized premium was reported in interest expense. Both the notes and the cap agreements have matured.

Commodity Risk Management
KCP&L's risk management policy is to use derivative hedge instruments to mitigate its exposure to market price fluctuations on a portion of its projected gas generation requirements for retail and firm wholesale sales. These hedging instruments are designated as cash flow hedges. The fair market value of these instruments is recorded as current assets or current liabilities. When the gas is purchased and to the extent the hedge is effective at mitigating the impact of a change in the purchase price of gas, the amounts in other comprehensive income are reclassified to the consolidated income statement. To the extent that the hedges are not effective, the ineffective portion of the changes in fair market value are recorded directly in fuel expense.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. An option that was designated as a cash flow hedge expired on December 31, 2001. The option allowed Strategic Energy to purchase up to 270 MWs of power at a fixed rate of $21 per MWh. The fair market value of this option and swap agreements designated as cash flow hedges at January 1, 2001, was recorded as a current asset and a cumulative effect of a change in accounting principle in comprehensive income.

As a result of supplying electricity to retail customers under fixed rate contracts, Strategic Energy's policy is to match customers' demand with fixed price purchases. In certain markets where Strategic Energy operates, entering into forward fixed price contracts is cost prohibitive. By entering into swap contracts for a portion of its forecasted purchases in these markets, the future purchase price of electricity is effectively fixed under these swap contracts protecting Strategic Energy from price volatility. The swap contracts limit the unfavorable effect that price increases will have on electricity purchases. Under SFAS No. 133, the majority of the swap agreements are designated as cash flow hedges resulting in the difference between the market value of energy and the hedge value being recorded as comprehensive income (loss). To the extent that the hedges are not effective, the ineffective portion of the changes in fair market value will be recorded directly in purchased power.

At January 1, 2001, Strategic Energy also had five swap agreements that did not qualify for hedge accounting. The fair market value of these swaps at January 1, 2001, was recorded as an asset or liability on the consolidated balance sheet and an adjustment to the cost of purchased power. The change in the fair market value was recorded in purchased power. All of these swaps expired in 2002.

KLT Gas' risk management policy is to use firm sales agreements or financial hedge instruments to mitigate its exposure to market price fluctuations on up to 85% of its daily natural gas production. These hedging instruments are designated as cash flow hedges. The fair market value of these instruments at January 1, 2001, was recorded as current assets or current liabilities, as applicable, and the cumulative effect of a change in accounting principle in comprehensive income. When the gas is sold and to the extent the hedge is effective at mitigating the impact of a change in the sales price of gas, the amounts in other comprehensive income are reclassified to the consolidated income statement. To the extent that the hedges are not effective, the ineffective portion of the changes in fair market value are recorded directly in gas revenues. KLT Gas is currently developing gas properties; therefore, no production was hedged in 2002.

The amounts recorded related to the cash flow hedges in OCI are summarized in the following tables:

Great Plains Energy activity for 2002

	December 31 2001	Increase (Decrease) in OCI	Reclassified	December 31 2002
Assets		(millions)		
Other current assets	$ (0.2)	$ 2.7	$ 0.5	$ 3.0
Liabilities and capitalization				
Other current liabilities	(12.7)	6.1	5.0	(1.6)
Accumulated OCI	12.1	(10.4)	(2.6)	(0.9)
Deferred income taxes	8.5	(7.2)	(2.0)	(0.7)
Other deferred credits	(7.7)	8.8	(0.9)	0.2

Consolidated KCP&L activity for 2002

	December 31 2001	Increase (Decrease) in OCI	Reclassified	December 31 2002
Assets		(millions)		
Other current assets	$ (0.2)	$ 0.6	$ (0.1)	$ 0.3
Liabilities and capitalization				
Other current liabilities	(0.1)	0.1	-	-
Accumulated OCI	0.2	(0.4)	-	(0.2)
Deferred income taxes	0.1	(0.3)	0.1	(0.1)

Great Plains Energy activity for 2001

Assets	Cumulative Effect to January 1, 2001	Increase (Decrease) in OCI	Reclassified	December 31 2001
		(millions)		
Other current assets	$ 44.5	$ (20.6)	$ (24.1)	$ (0.2)
Liabilities and capitalization				
Other current liabilities	(6.8)	(20.8)	14.9	(12.7)
Accumulated OCI	(17.4)	25.6	3.9	12.1
Deferred income taxes	(12.7)	18.1	3.1	8.5
Other deferred credits	(7.6)	(2.3)	2.2	(7.7)

Consolidated KCP&L activity for 2001

Assets	Cumulative Effect to January 1, 2001	Increase (Decrease) in OCI	Reclassified	Transferred to Great Plains Energy	December 31 2001
			(millions)		
Other current assets	$ 44.5	$ (20.6)	$ (24.1)	$ -	$ (0.2)
Liabilities and capitalization					
Other current liabilities	(6.8)	(15.7)	7.4	15.0	(0.1)
Accumulated OCI	(17.4)	23.4	7.6	(13.4)	0.2
Deferred income taxes	(12.7)	16.6	5.6	(9.4)	0.1
Other deferred credits	(7.6)	(3.7)	3.5	7.8	-

Reclassified to earnings

	Great Plains Energy 2002	Great Plains Energy 2001	Consolidated KCP&L 2002	Consolidated KCP&L 2001
		(millions)		
Gas revenues	$ (0.2)	$ (3.9)	$ -	$ (3.7)
Fuel expense	0.1	-	0.1	-
Purchased power expense	(5.4)	13.1	-	20.4
Minority interest	0.9	(2.2)	-	(3.5)
Income taxes	2.0	(3.1)	(0.1)	(5.6)
OCI	$ (2.6)	$ 3.9	$ -	$ 7.6

18. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

KCP&L's share of jointly-owned electric utility plants as of December 31, 2002, is as follows (in millions of dollars):

	Wolf Creek Unit	LaCygne Units	Iatan Unit
KCP&L's share	47%	50%	70%
Utility plant in service	$1,360	$ 324	$ 260
Estimated accumulated depreciation	584	218	170
Nuclear fuel, net	22	-	-
KCP&L's accredited capacity--MWs	550	681	469

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 the Great Plains Energy and Consolidated KCP&L Statements of Income.

19. DTI HOLDINGS, INC. AND SUBSIDIARIES

On December 31, 2001, a subsidiary of KLT Telecom, DTI Holdings, Inc. (Holdings) and its subsidiaries, Digital Teleport Inc. (Digital Teleport) and Digital Teleport of Virginia, Inc., filed separate voluntary petitions in Bankruptcy Court for the Eastern District of Missouri for reorganization under Chapter 11 of the U.S. Bankruptcy Code which cases have been procedurally consolidated. Holdings and its two subsidiaries are collectively called "DTI". The filings enable DTI to continue to conduct its business operations while attempting to resolve its financial obligations. DTI is a telecommunications company headquartered in St. Louis that focuses on providing access and connectivity to secondary and tertiary markets. KLT Telecom agreed to provide up to $5 million in debtor-in-possession financing (DIP Loan) to Digital Teleport for a term of 18 months during the bankruptcy process if it achieves certain financial goals. If KLT Telecom provides loans under the DIP Loan agreements, it will have priority repayment over most other Digital Teleport obligations to the extent of such DIP loan advances. The Bankruptcy Court approved the DIP Loan on February 18, 2002, but no advances have been made under the DIP Loan to date.

KLT Telecom originally acquired a 47% interest in DTI in 1997. On February 8, 2001, KLT Telecom acquired control of DTI by purchasing shares from the majority shareholder, Richard D. Weinstein (Weinstein), increasing its ownership to 83.6%. In connection with the February 8, 2001, Purchase Agreement, KLT Telecom granted Weinstein a put option. The put option allows Weinstein to sell his remaining shares to KLT Telecom during a period beginning September 1, 2003, and ending August 31, 2005. The put option provides for an aggregate exercise price for these remaining shares equal to their fair market value with an aggregate floor amount of $15 million. The floor amount of the put option was fully reserved during the fourth quarter of 2001, as discussed below.

Prior to the DTI bankruptcy filings, KLT Telecom's $175.2 million book value of its investment in, and loans to, DTI included a February 1, 2001, $94 million loan to Holdings, the proceeds of which were used by Holdings to repurchase a portion of its Senior Discount Notes, and $47 million in principal amount of loans to Digital Teleport under various arrangements. The $47 million of loans are secured, to the extent permitted by law or agreement, by Digital Teleport Inc.'s assets. In December 2001, KLT Telecom converted $84 million of the $94 million loan to Holdings, plus accrued interest of approximately $8.5 million, to an equity contribution to Holdings.

The Company obtained from legal counsel an opinion which stated that, based upon and subject to the analysis, limitations and qualifications set forth in the opinion, a court applying Missouri law and acting reasonably in a properly presented and argued case would hold that the corporate veil of DTI would not be pierced with respect to Great Plains Energy and its subsidiaries and therefore neither Great Plains Energy nor its subsidiaries would be required to fund, beyond KLT Telecom's current equity investment in or loans to DTI, directly, indirectly or through guarantees, any of the present, past or future liabilities, commitments or obligations of DTI, except for the DIP Loan and certain performance bonds.

In December 2002, Digital Teleport entered into an agreement to sell substantially all of its assets (Asset Sale) to CenturyTel Fiber Company II, LLC (Century Tel), a nominee of CenturyTel, Inc. (Asset Purchase Agreement). The Asset Sale was approved by the Bankruptcy Court on February 13, 2003, but the Asset Purchase Agreement contains conditions to closing, which include among other items the receipt of all necessary regulatory approvals, which must either be satisfied or waived by July 15, 2003. The Asset Sale, if it is consummated, will produce $38 million of gross sale proceeds, subject to certain closing adjustments, $3.8 million of which will be escrowed (Escrow Funds). The Escrow Funds will be disbursed 180 days following the closing of the Asset Sale, subject to any reduction for the amount of claims by Century Tel for breaches of representations and warranties of Digital Teleport under the Asset Purchase Agreement. Assuming full release of that escrow, the proceeds of the Asset Sale together with Digital Teleport's cash on hand are expected to total approximately $47 million (Anticipated Assets).

The Company believes that KLT Telecom has a valid and perfected security interest in virtually all of Digital Teleport's assets to secure repayment of approximately $50 million (including accrued interest) of indebtedness which would entitle KLT Telecom to receive all of the Anticipated Assets, leaving no distribution to other creditors of Digital Teleport. The Bankruptcy Court, however, has not ruled on the validity of KLT Telecom's security interest in Digital Teleport's assets, and there is a possibility that the Bankruptcy Court would disallow this security interest or otherwise subordinate KLT Telecom's claims to other Digital Teleport creditors' claims. To expedite the Digital Teleport bankruptcy case process, including the resolution of creditors' claims and possible claims against the Company, KLT Telecom, KLT Inc., KCP&L, Great Plains Energy, Digital Teleport and the Official Unsecured Creditors Committee of Digital Teleport entered into a Settlement Agreement as of December 23, 2002 (Teleport Settlement Agreement). The Teleport Settlement Agreement does not resolve any claims that Holdings or its creditors may have against the Company; however, as discussed below, settlement discussions have commenced in the Holdings bankruptcy case. The Teleport Settlement Agreement, if approved by the Bankruptcy Court, resolves all material issues and disputes among the parties to that agreement. Under the Teleport Settlement Agreement, Digital Teleport, the Creditors Committee and three members of the Creditors Committee holding claims against Digital Teleport will release claims and possible causes of action against the Company and any other entity currently or previously a member of the Great Plains Energy or KCP&L consolidated tax group, and creditors receiving payments will be deemed to receive such payments in full satisfaction of their claims against Digital Teleport. In addition, the Teleport Settlement Agreement provides for the receipt by KLT Telecom of an assignment of claims of Digital Teleport, the Creditors Committee and the bankruptcy estate of Digital Teleport against Weinstein, any officer or director of Digital Teleport, or any other person or entity.

The Teleport Settlement Agreement does not purport to resolve (i) three priority proofs of claim by the Missouri Department of Revenue in the aggregate amount of $2,848,446 (collectively, the MODOR Claim); (ii) an unsecured proof of claim by Gary Douglass, the former Chief Financial Officer of DTI, in the amount of $2,055,900 (Douglass Claim); or (iii) any claims by Holdings against KLT Telecom, KLT Inc., KCP&L and Great Plains Energy, or by creditors of Holdings, including the holders of $265 million of Senior Discount Notes of Holdings as to which no proof of claim has been filed in the Digital Teleport bankruptcy proceeding. Digital Teleport has filed objections to the Douglass Claim and MODOR Claim asserting that each claim should be disallowed in full. The Teleport Settlement Agreement provides for a pro rata distribution from the Anticipated Assets ranging from 82.5% to 90% of the sum of (i) the non-priority unsecured claims of approximately $10.3 million held by Digital Teleport's trade creditors (Trade Claims), (ii) an amended claim of $1 million by Union Electric Co. d/b/a Ameren UE (Amended Ameren Claim), and (iii) the allowed, non-priority unsecured portions, if any, of the Douglass Claim and the MODOR Claim, with the exact percentage being determined by the extent to which the MODOR Claim and the Douglass Claim are resolved in the Digital Teleport bankruptcy proceeding and are not disallowed. Upon approval of the Teleport Settlement Agreement by the Bankruptcy Court, after the payment of administrative, secured and priority claims (which claims, excluding the MODOR Claim, are estimated to total approximately $3 million) the balance of the Anticipated Assets is expected to be distributed to KLT Telecom, subject to the resolution of the MODOR Claim and the Douglass Claim, and subject, further, to a possible payment to the creditors of Holdings as described below.

Upon closure of the proposed Asset Sale, KLT Telecom will pay a base sum of $1.6 million to certain executives of Digital Teleport for entering into employment agreements required as a condition precedent to the proposed Asset Sale. This sum will be increased based upon the amount of Escrow Funds released to Digital Teleport, but the sum is not anticipated to exceed $2.5 million.

Digital Teleport and Digital Teleport of Virginia have prepared a Chapter 11 plan (Chapter 11 Plan) and disclosure statement reflecting the Asset Sale and Teleport Settlement Agreement and expect that a confirmation hearing will be held by the Bankruptcy Court in May 2003. While confirmation of the Chapter 11 Plan is subject to a vote of creditors and the approval of the Bankruptcy Court, it is currently expected that, if the Bankruptcy Court approves the Teleport Settlement Agreement, the Chapter 11 Plan will be confirmed due to the level of support for the plan by certain members of the Creditors Committee. The Chapter 11 Plan contemplates that Digital Teleport and Digital Teleport of Virginia will be liquidated after distribution of those companies' assets to their creditors pursuant to the Chapter 11 Plan and the Teleport Settlement Agreement.

In an objection to a motion by Digital Teleport for an extension of time in which to propose a Chapter 11 plan, the largest creditor of Holdings (the Creditor) asserted that Holdings, Digital Teleport and their creditors have claims against KLT Telecom, KLT Inc., KCP&L and Great Plains Energy based on theories of breach of contract, fraudulent conveyance, recharacterization of debt, subordination and breach of fiduciary duty. Among other things, the Creditor asserted that certain tax benefits should have been paid to Holdings and Digital Teleport, rather than to KLT Telecom as provided in the October 1, 2001, Great Plains Energy tax allocation agreement. The Creditor has not otherwise pursued these claims at this time, and the Company believes that it has meritorious defenses to these claims. Further, Holdings, the principal creditors of Holdings (including the Creditor), KLT Telecom, KLT Inc., KCP&L, and Great Plains Energy are in the process of negotiating a separate settlement agreement which, if finalized and approved by the Bankruptcy Court, is anticipated to resolve the Holdings bankruptcy case and any claims that might be asserted in the Holdings bankruptcy case against the Company, and to provide payment to the creditors of Holdings from a portion of the proceeds KLT Telecom otherwise would receive from the Asset Sale. If the separate settlement agreement is finalized, it is anticipated that the Chapter 11 Plan will be modified to add Holdings as a proponent and to include the terms of the Holdings Settlement Agreement.

The ultimate impact of the Asset Sale, the Teleport Settlement Agreement and/or the potential separate settlement agreement in the Holdings bankruptcy case will not be determined until final resolution of the matters set forth above.

The operating results of DTI have been included for the period February 8, 2001 (date of acquisition) through September 30, 2001, for consolidated KCP&L and through December 31, 2001, for Great Plains Energy. Because of DTI's filing for bankruptcy protection under the U.S. Bankruptcy Code, KLT Telecom no longer has control over nor can it exert significant control over DTI. As a consequence, as of December 31, 2001, DTI was de-consolidated and is presented on the cost basis. Consequently, KLT Telecom did not include in its financial results the ongoing results of operations, earnings or losses incurred by DTI during 2002 and will not do so during the remaining period of the DTI bankruptcy.

During the fourth quarter of 2001, the following were recognized in the financial statements of the Company related to the activities of DTI:

- Wrote off $60.8 million of goodwill related to the purchase of DTI in February 2001.
- Recorded a $342.5 million impairment of DTI's assets resulting in a negative KLT Telecom investment of $228.1 million.
- The Company recorded a reduction in the negative investment of $207.5 million. This reduction resulted in a net impairment charge of $195.8 million ($342.5 million impairment of DTI's assets plus the $60.8 million write-off of goodwill less the $207.5 million adjustment of KLT Telecom's investment) and a remaining negative investment of $20.6 million. This remaining negative investment represents the possible commitments and guarantees relating to DTI including the $5 million for DIP financing and the $15 million aggregate floor of the Weinstein put option. The

$20.6 million is included in Deferred Credits and Other Liabilities - Other on Great Plains Energy's consolidated balance sheet at both December 31, 2001 and 2002.

The net of the above items resulted in Great Plains Energy recording in 2001 a $195.8 million loss on property and $55.8 million of related income tax benefits. The $55.8 million income tax benefits applicable to this net write-off is net of a $15.8 million tax valuation allowance due to the uncertainty of recognizing future tax deductions while in the bankruptcy process. The $55.8 million income tax benefit reflects the impact of DTI's 2001 abandonment of $104 million of its long-haul assets in addition to other expected tax deductions. If additional assets of DTI are sold or abandoned during the bankruptcy process, or additional tax losses not already reflected are incurred by DTI, KLT Telecom will record tax benefits associated with these additional tax deductions at that time. The amount of additional tax deductions will be limited by KLT Telecom's tax basis in DTI. DTI's tax losses have continued to be included in Great Plains Energy's consolidated tax return. In accordance with the tax allocation agreement with DTI, cash tax savings are shared with DTI only to the extent DTI generates taxable income to utilize such losses. The Company will reconsider the $15.8 million tax valuation allowance at the conclusion of the bankruptcy process.

The following are condensed DTI consolidated financial statements for the year ended December 31, 2001:

DTI Consolidated Balance Sheet December 31, 2001		Net Assets De-consolidated by KLT Telecom
	(millions)	
Assets		
Property and equipment, net	$ 46.9	
Other	6.1	
Total assets	$ 53.0	$ (53.0)
Liabilities		
Current liabilities not subject to compromise	$ 0.2	0.2
Liabilities subject to compromise		
Loans from KLT Telecom	57.0	
Deferred revenue	45.8	45.8
Interest payable to KLT Telecom	3.0	
Other	31.9	31.9
Senior discount notes		
Held by KLT Telecom	8.5	
Held by others	203.2	203.2
Total liabilities subject to compromise	349.4	
Stockholders' equity (deficit)	(296.6)	
Total liabilities and stockholders' equity (deficit)	$ 53.0	$ 228.1

DTI Consolidated Statement of Income for the Year Ended December 31, 2001

	(millions)
Telecommunications service revenues	$ 17.4
Operating expenses	
Provision for impairment of long-lived assets (a)	(342.5)
Other	(44.2)
Interest expense net of interest income	(31.9)
Loss before income tax benefit and extraordinary item	(401.2)
Income tax benefit	37.9
Gain on early extinguishment of debt	57.2
Net loss	$(306.1)

(a) The write-down of assets was determined by DTI in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". The write-down reflects the abandonment of $104 million of long-haul assets and the impairment of the rest of the telecommunication network and equipment. The impairment is primarily a result of the downward trends in certain segments of the economy, particularly with respect to previously expected growth of demand in technology and telecommunications, the accompanying deterioration in value of DTI's operating assets and its Chapter 11 filing. The fair value used in the impairment analysis was derived primarily from the discounted cash flows from continued future operations.

DTI Consolidated Statement of Cash Flows for the Year Ended December 31, 2001

	(millions)
Net cash used in operating activities	$ (10.8)
Net cash used in investing activities	(41.2)
Cash provided by financing activities	42.9
Net decrease in cash and cash equivalents	$ (9.1)

Reconciliation of DTI consolidated financial statements to DTI financial results included in Great Plains Energy consolidated financial statements

	(millions)
Loss before income tax benefit and extraordinary item	$ (401.2)
Loss before consolidation on February 8, 2001	7.1
Goodwill write-off	(60.8)
Reduction to KLT Telecom's negative investment in DTI	207.5
Total	$ (247.4)
Net DTI write-off	$ (195.8)
DTI operational loss, excluding net write-off	(51.6)
Total equal to the above	(247.4)
Other	(1.0)
Total included in loss before income taxes	(248.4)
Income tax benefits recorded by KLT Telecom	74.6
Loss before extraordinary item	(173.8)
Early extinguishment of debt	15.9
DTI loss included in Great Plains Energy consolidated net loss	$ (157.9)

Extraordinary Item - Early Extinguishment of Debt
The KLT Telecom gain on early extinguishment of debt resulted from DTI's completion of a successful tender offer for 50.4 percent of its outstanding Senior Discount Notes prior to KLT Telecom acquiring a majority ownership in DTI. The $15.9 million early extinguishment of debt has been reduced by the losses previously recorded by DTI but not reflected by KLT Telecom, and is net of $9.1 million of income tax.

20. QUARTERLY OPERATING RESULTS (UNAUDITED)

Quarterly operating results for Great Plains Energy and consolidated KCP&L are identical prior to the October 1, 2001, formation of a holding company.

Great Plains Energy

	Quarter			
	1st	2nd	3rd	4th
2002	(millions)			
Operating revenue	$ 358.8	$ 465.4	$ 585.0	$ 452.7
Operating income	15.3	78.4	135.9	62.1
Income (loss) before cumulative effect	(2.9)	36.0	68.8	27.3
Net income (loss)	(5.9)	36.0	68.8	27.3
Basic and diluted earning (loss) per common share before cumulative effect	$ (0.05)	$ 0.57	$ 1.11	$ 0.41
Basic and diluted earning (loss) per common share	$ (0.10)	$ 0.57	$ 1.11	$ 0.41
2001				
Operating revenue	$ 280.2	$ 346.5	$ 480.9	$ 354.3
Operating income (loss)	7.4	75.8	131.7	(157.7)
Income (loss) before extraordinary item	(3.0)	36.2	55.6	(128.8)
Net income (loss)	12.9	36.2	55.6	(128.9)
Basic and diluted earning (loss) per common share before extraordinary item	$ (0.06)	$ 0.58	$ 0.89	$ (2.09)
Basic and diluted earning (loss) per common share	$ 0.20	$ 0.58	$ 0.89	$ (2.09)

Net income (loss) in the fourth quarter of 2001 includes a loss of $140.0 million due to the net write-off of the investment in DTI.

Consolidated KCP&L

	Quarter			
	1st	2nd	3rd	4th
2002	(millions)			
Operating revenue	$ 212.2	$ 264.2	$ 351.5	$ 243.4
Operating income	6.7	66.9	124.6	50.5
Income (loss) before cumulative effect	(8.0)	27.1	62.3	17.3
Net income (loss)	(11.0)	27.1	62.3	17.3
2001				
Operating revenue	$ 280.2	$ 346.5	$ 480.9	$ 243.3
Operating income	7.4	75.8	131.7	39.8
Income (loss) before cumulative effect	(3.0)	36.2	55.6	15.0
Net income	12.9	36.2	55.6	15.0

First quarter 2002 income statement information as reported in the March 31, 2002, Form 10-Q has been restated to reflect the cumulative effect to January 1, 2002, of a change in accounting principle for the $3.0 million RSAE goodwill write-down. Certain reclassifications have been made to previously reported amounts in the 2001 Form 10-Q's, reflecting reclassifications of revenues and purchased power recorded by Strategic Energy. There is no impact to net income as a result of these adjustments. Revenues reported in the 2001 Form 10-Q's were $281.9 million, $354.3 million and $492.6 million for the first, second and third quarters of 2001, respectively. The quarterly data is subject to seasonal fluctuations with peak periods occurring during the summer months.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Great Plains Energy Incorporated

We have audited the accompanying consolidated balance sheet and consolidated statement of capitalization of Great Plains Energy Incorporated and subsidiaries (the "Company") as of December 31, 2002, and the related consolidated statements of income, comprehensive income, retained earnings and cash flows for the year then ended. Our audit also included the 2002 financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the consolidated financial position of Great Plains Energy Incorporated and subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the 2002 basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 6 to the consolidated financial statements, on January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 27, 2003

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Kansas City Power & Light Company

We have audited the accompanying consolidated balance sheet and consolidated statement of capitalization of Kansas City Power & Light Company and subsidiaries (the "Company") as of December 31, 2002, and the related consolidated statements of income, comprehensive income, retained earnings and cash flows for the year then ended. Our audit also included the 2002 financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the consolidated financial position of Kansas City Power & Light Company and subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the 2002 basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 6 to the consolidated financial statements, on January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 27, 2003

Report of Independent Accountants

To the Shareholders and the Board of Directors of
Great Plains Energy Incorporated:

We have audited the accompanying consolidated balance sheet and statement of capitalization of Great Plains Energy Incorporated and Subsidiaries as of December 31, 2001, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for each of the two years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of DTI Holdings, Inc. and Subsidiaries (Debtors-in-Possession) (an 83.6 percent owned entity), as of and for the year ended December 31, 2001, which statements reflect total assets of $53.0 million as of December 31, 2001 and total revenues of $17.4 million and a net loss of $306.1 million for the year ended December 31, 2001. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for DTI Holdings, Inc. and Subsidiaries is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Great Plains Energy Incorporated and Subsidiaries at December 31, 2001, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the consolidated financial statements, the Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", as amended on January 1, 2001. As discussed in Note 7 to the consolidated financial statements, the Company changed its method of accounting for pensions in 2000.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the 2001 and 2000 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003

Report of Independent Accountants

To the Shareholder and the Board of Directors of
Kansas City Power & Light Company:

We have audited the accompanying consolidated balance sheet and statement of capitalization of Kansas City Power & Light Company (a wholly-owned subsidiary of Great Plains Energy Incorporated) and Subsidiaries as of December 31, 2001, and the related consolidated statements of income, comprehensive income, retained earnings and cash flows for each of the two years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of DTI Holdings, Inc. and Subsidiaries (Debtors-in-Possession) (an 83.6 percent owned entity), as of and for the year ended December 31, 2001, which statements reflect total assets of $53.0 million as of December 31, 2001 and total revenues of $17.4 million and a net loss of $306.1 million for the year ended December 31, 2001. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for DTI Holdings, Inc. and Subsidiaries is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Power & Light Company and Subsidiaries at December 31, 2001, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the consolidated financial statements, the Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", as amended on January 1, 2001. As discussed in Note 7 to the consolidated financial statements, the Company changed its method of accounting for pensions in 2000.

As discussed in Note 1 to the consolidated financial statements, on October 1, 2001 the Company completed its corporate reorganization creating a holding company structure.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the 2001 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of DTI Holdings, Inc.

We have audited the balance sheets of DTI Holdings, Inc. and subsidiaries (Debtors-in-Possession) (the "Company") as of December 31, 2001, and the related statements of operations and stockholder's equity (deficit) and of cash flows for the year ended June 30, 2000, the six-month period ended December 31, 2000 and the year ended December 31, 2001. These financial statements (which are not included herein) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of DTI Holdings, Inc. and subsidiaries as of December 31, 2001, and the results of their operations and their cash flows for the year ended June 30, 2000, the six-month period ended December 31, 2000 and the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to those financial statements, the Company has filed for reorganization under Chapter 11 of the Federal Bankruptcy Code. The financial statements do not purport to reflect or provide for the consequences of the bankruptcy proceedings. In particular, such financial statements do not purport to show (a) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (b) as to prepetition liabilities, the amounts that may be allowed for claims or contingencies, or the status and priority thereof; (c) as to stockholder accounts, the effect of any changes that may be made in the capitalization of the Company; or (d) as to operations, the effect of any changes that may be made in its business.

The financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to those financial statements, the Company's recurring losses from operations, negative working capital, and stockholders' capital deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to those financial statements. The financial statements do not include adjustments that might result from the outcome of this uncertainty.

As discussed in Note 3 to those financial statements, the Company determined that the carrying value of its long-lived assets had been impaired during the year. In accordance with Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-lived Assets to be Disposed of, the Company recorded an impairment charge of approximately $342 million at December 31, 2001.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri
January 30, 2002

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS

General Note
Pursuant to General Instruction G to Form 10-K, the Great Plains Energy information required by Part III (Items 10, 11, 12 and 13) of Form 10-K will either be (i) incorporated by reference from the Definitive Proxy Statement for Great Plains Energy's 2002 Annual Meeting of Shareholders, to be filed with the SEC not later than March 31, 2003, or (ii) included in an amendment to this report filed with the SEC on Form 10-K/A not later than 120 days after December 31, 2002.

The following information is provided in connection with KCP&L.

Directors
The directors of KCP&L are the same as those for Great Plains Energy. The ten nominees listed below are all of the current directors and have consented to stand for election to the Board of Great Plains Energy. If they are elected to serve by the shareholders of Great Plains Energy at the Annual Meeting on May 6, 2003, they will also be elected to the KCP&L Board.

Nominees for Directors

Bernard J. Beaudoin — Director since 1999
Mr. Beaudoin, 62, is Chairman of the Board, President and Chief Executive Officer of Great Plains Energy. He is also Chairman of the Board and Chief Executive Officer of KCP&L. He was elected Chairman of the Board and named Chief Executive Officer of Great Plains Energy in 2001. He was elected President in 1999. Previously, he was President of KLT Inc., a wholly-owned subsidiary of Great Plains Energy. Mr. Beaudoin served as a member of the Executive Committee during 2002.

David L. Bodde — Director since 1994
Dr. Bodde, 60, holds the Charles N. Kimball Chair in Technology and Innovation (since 1996) at the Bloch School of Business, University of Missouri-Kansas City. He serves on the board of The Commerce Funds. Dr. Bodde served as a member of the Audit and Governance Committees during 2002.

Mark A. Ernst — Director since 2000
Mr. Ernst, 44, is Chairman of the Board, President and Chief Executive Officer of H&R Block Inc., a provider of tax preparation, investment, mortgage and accounting services. He was elected Chairman of the Board in 2002, Chief Executive Officer in 2001 and President in 1999. Previously, he was Chief Operating Officer of H&R Block. He also serves on the board of SCS Transportation. Mr. Ernst served on the Audit and Compensation Committees during 2002.

Randall C. Ferguson, Jr. — Director since 2002
Mr. Ferguson, 51, is the retired Senior Location Executive (1998-2003) for the IBM Western Region. IBM is a leading creator and manufacturer of advanced information technologies, including computer systems, software, network systems, storage devices and microelectronics. Mr. Ferguson served on the Audit Committee during 2002.

William K. Hall — Director since 2000

Mr. Hall, 59, is Chairman and Chief Executive Officer (since 2000) of Procyon Technologies Inc., a Chicago-based holding company with investments in the aerospace and defense industries. He was previously President and Chief Executive Officer of Falcon Building Products, Inc. Mr. Hall serves on the boards of Actuant Corporation, A. M. Castle & Co., GenCorp and Woodhead Industries. Mr. Hall served on the Compensation and Executive Committees during 2002.

Luis A. Jimenez — Director since 2001

Mr. Jimenez, 58, is Senior Vice President and Chief Strategy Officer (since 1999) of Global Growth and Futures Strategy with Pitney Bowes, a Fortune 300 provider of messaging solutions, office products and financial services. Previously, he was Vice President and Practice Leader, Telecommunications and Media, Latin America, for Arthur D. Little, Inc., an international management consulting firm. Mr. Jimenez served on the Governance Committee during 2002.

James A. Mitchell — Director since 2002

Mr. Mitchell, 61, is the Executive Fellow, Leadership (since 1999), at the Center for Ethical Business Cultures. He is the retired Executive Vice President of Marketing and Products (1993-1999) of American Express Company. Mr. Mitchell served on the Governance Committee during 2002.

William C. Nelson — Director since 2000

Mr. Nelson, 65, is Chairman (since 2001) of George K. Baum Asset Management, an asset management advisor. He is the retired Chairman (1990-2000) of Bank of America Midwest. He serves on the board of DST Systems. Mr. Nelson served on the Audit and Compensation Committees during 2002.

Linda H. Talbott — Director since 1983

Dr. Talbott, 62, is President (since 1975) of Talbott & Associates, international consultants in strategic planning, philanthropic management and development to foundations, corporations, and the nonprofit sector. Dr. Talbott served as a member of the Executive and Governance Committees during 2002.

Robert H. West — Director since 1980

Mr. West, 64, is the retired Chairman (1986-1999) of Butler Manufacturing Company, a supplier of non-residential building systems, specialty components, and construction services. He serves on the boards of Astec Industries, Inc., Burlington Northern Santa Fe Corporation and Commerce Bancshares, Inc. Mr. West served as a member of the Audit, Compensation and Executive Committees during 2002.

Executive Officers

The information with respect to executive officers of the registrants contained in this Form 10-K under "Item 1. Business-Executive Officers of Registrants" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table contains compensation data for KCP&L executive officers for fiscal years ended December 31, 2002, 2001 and 2000.

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position (a)	Year (b)	Salary($) (c)	Bonus ($) (d)	Other Annual Compensation ($) (2) (e)	Restricted Stock Award(s) ($) (f)	Securities Underlying Options/SARs (g)	LTIP Payouts ($) (h)	All Other Compensation (3) (i)
Bernard J. Beaudoin (1)	2002	415,000	186,750		0	55,000	0	51,486
Chairman of the Board and	2001	400,000	0		0	55,000	0	36,971
Chief Executive Officer	2000	325,000	162,535		0	0	0	33,174
Andrea F. Bielsker (1)	2002	200,000	60,000		0	13,000	0	18,569
Senior Vice President-Finance,	2001	180,000	0		0	13,000	0	15,565
Chief Financial Officer and Treasurer	2000	140,000	63,991		0	0	0	11,213
William H. Downey (1)(4)	2002	260,000	78,000		0	20,000	0	14,382
President	2001	250,000	0		0	20,000	0	5,645
	2000	65,000	54,000		0	0	0	698
Stephen T. Easley	2002	200,000	50,000		0	13,000	0	5,242
Vice President-Generation	2001	160,000	0		0	6,000	0	6,833
Services	2000	115,455	63,000		0	0	0	4,980
Jeanie Sell Latz (1)	2002	210,000	63,000		0	13,000	0	29,353
Secretary	2001	200,000	0		0	13,000	0	27,056
	2000	180,000	83,506		0	0	0	19,121

(1) Includes compensation received from Great Plains Energy and KCP&L.

(2) While the five named executive officers receive certain perquisites from the Company, such perquisites did not reach in any of the reported years the threshold for reporting of the lesser of either $50,000 or ten percent of salary and bonus set forth in the applicable rules of the Securities and Exchange.

(3) For 2002, amounts include:
- Flex dollars under the Flexible Benefits Plan: Beaudoin - $18,310; Bielsker -$11,707; Downey - $3,867; Easley - $2,104; and Latz - $17,867
- Deferred Flex Dollars: Beaudoin - $16,157; and Downey - $650
- Above-market interest paid on deferred compensation: Beaudoin - $4,569; Bielsker - $862; Downey - $2,065; and Latz - $5,186
- Great Plains Energy contribution under the Great Plains Energy Employee Savings Plus Plan: Beaudoin - $5,563; Bielsker - $5,521; Downey -$5,563; Easley - $3,138; and Latz - $5,533
- Contribution to Deferred Compensation Plan: Beaudoin - $6,887; Bielsker - $479; Downey - $2,237; and Latz - $767

(4) Mr. Downey was employed as Executive Vice President-KCPL and President-KCPL Delivery effective September 25, 2000.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

	Individual Grants				Potential Realizable Value of Assumed Annual Rates of Stock Price Appreciation For Option Term		Alternative to (f) and (g): Grant Date Value
Name (a)	Number of Securities Underlying Options/SARs Granted (#) (b)	Percent of Total Options/SARs Granted to Employees in Fiscal Year (c)	Exercise or Base Price ($/Sh) (d)	Expiration Date (e)	5% ($) (f)	10% ($) (g)	Grant Date Present Value ($) (1) (f)
Bernard J. Beaudoin	55,000	30.4%	$24.90	02-05-2012			$ 173,173
Andrea F. Bielsker	13,000	7.2%	$24.90	02-05-2012			$ 40,932
William H. Downey	20,000	11%	$24.90	02-05-2012			$ 62,972
Stephen T. Easley	13,000	7.2%	$24.90	02-05-2012			$ 40,932
Jeanie S. Latz	13,000	7.2%	$24.90	02-05-2012			$ 40,932

(1) The grant date valuation was calculated by using the binomial option pricing formula, a derivative of the Black-Scholes model. The underlying assumptions used to determine the present value of the option were as follows:

Annualized Stock Volatility:	27.503%
Time of Exercise (Option Term):	10 years
Risk Free Interest Rate:	4.57%
Exercise Price (Equal to the Fair Market Value):	$24.90
Average Dividend Yield:	7.68%

AGGREGATED OPTION/SAR EXERCISES IN THE LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

Name (a)	Shares Acquired on Exercise (#) (b)	Value Realized ($) (c)	Number of Unexercised Options/SARs at Fiscal Year End (#) Exercisable/Unexercisable (d)	Value of Unexercised In-the-Money Options/SARs at Fiscal Year End ($) Exercisable/Unexercisable(1) (e)
Bernard J. Beaudoin	0	0	0 / 110,000	0 / 0
Andrea F. Bielsker	0	0	0 / 26,000	0 / 0
William H. Downey	0	0	0 / 40,000	0 / 0
Stephen T. Easley	0	0	0 / 19,000	0 / 0
Jeanie S. Latz	0	0	12,000 / 26,000	$9,020 / 0

(1) All unexercisable options were out-of-the-money on December 31, 2002.

Pension Plans

The Company has a non-contributory pension plan (Great Plains Energy Pension Plan) for its management employees providing for benefits upon retirement, normally at age 65. In addition, a supplemental retirement benefit is provided for executive officers. The following table shows examples of single life option pension benefits (including unfunded supplemental retirement benefits) payable upon retirement at age 65 to the named executive officers:

Average Annual Base Salary for Highest 36 Months	Annual Pension for Years of Service Indicated			
	15	20	25	30 or more
150,000	45,000	60,000	75,000	90,000
200,000	60,000	80,000	100,000	120,000
250,000	75,000	100,000	125,000	150,000
300,000	90,000	120,000	150,000	180,000
350,000	105,000	140,000	175,000	210,000
400,000	120,000	160,000	200,000	240,000
450,000	135,000	180,000	225,000	270,000
500,000	150,000	200,000	250,000	300,000

Each eligible employee with 30 or more years of credited service, or whose age and years of service add up to 85, is entitled to a total monthly annuity equal to 50% of their average base monthly salary for the period of 36 consecutive months in which their earnings were highest. The monthly annuity will be proportionately reduced if their years of credited service are less than 30 or do not add up to 85. The compensation covered by the Great Plains Energy Pension Plan -- base monthly salary -- excludes any bonuses and other compensation. The Great Plains Energy Pension Plan provides that pension amounts are not reduced by Social Security benefits. The estimated credited years of service for the named executive officers in the Summary Compensation table are as follows:

Officer	Credited Years of Service
Bernard J. Beaudoin	22 years
Andrea F. Bielsker	18 years
William H. Downey	2 years
Stephen T. Easley	6 years
Jeanie S. Latz	22 years

Eligibility for supplemental retirement benefits is limited to executive officers selected by the Compensation Committee of the Board; all the named executive officers are participants. The total retirement benefit payable at the normal retirement date is equal to 2% of highest average earnings, as shown above, for each year of credited service up to 30 (maximum of 60% of highest average earnings). The actual retirement benefit paid equals the target retirement benefit less retirement benefits payable under the management pension plan. A liability accrues each year to cover the estimated cost of future supplemental benefits.

The Internal Revenue Code imposes certain limitations on pensions that may be paid under tax qualified pension plans. In addition to the supplemental retirement benefits, the amount by which pension benefits exceed the limitations will be paid outside the qualified plan and accounted for by Great Plains Energy as an operating expense.

Great Plains Energy Severance Agreements

Great Plains Energy has severance agreements (Severance Agreements) with certain executive officers, including the named executives, to ensure their continued service and dedication and their objectivity in considering on behalf of Great Plains Energy any transaction which would change the control of the company. Under the Severance Agreements, an executive officer would be entitled to receive a lump-sum cash payment and certain insurance benefits during the three-year period after a Change in Control (or, if later, the three-year period following the consummation of a transaction approved by Great Plains Energy's shareholders constituting a Change in Control) if the officer's employment was terminated by:

- Great Plains Energy other than for cause or upon death or disability;
- the executive officer for "Good Reason" (as defined in the Severance Agreements); and
- the executive officer for any reason during a 30-day period commencing one year after the Change in Control or, if later, commencing one year following consummation of a transaction approved by Great Plains Energy's shareholders constituting a change in control (a Qualifying Termination).

A Change in Control is defined as:

- an acquisition by a person or group of 20% or more of the Great Plains Energy common stock (other than an acquisition from or by Great Plains Energy or by a Great Plains Energy benefit plan);
- a change in a majority of the Board; and
- approval by the shareholders of a reorganization, merger or consolidation (unless shareholders receive 60% or more of the stock of the surviving company) or a liquidation, dissolution or sale of substantially all of Great Plains Energy's assets.

Upon a Qualifying Termination, Great Plains Energy must make a lump-sum cash payment to the executive officer of:

- the officer's base salary through the date of termination;
- a pro-rated bonus based upon the average of the bonuses paid to the officer for the last five fiscal years;
- any accrued vacation pay;
- two or three times the officer's highest base salary during the prior 12 months;
- two or three times the average of the bonuses paid to the officer for the last five fiscal years;
- the actuarial equivalent of the excess of the officer's accrued pension benefits including supplemental retirement benefits computed without reduction for early retirement and including two or three additional years of benefit accrual service, over the officer's vested accrued pension benefits; and
- the value of any unvested contributions for the benefit of the officer under the Great Plains Energy Employee Savings Plus Plan.

In addition, Great Plains Energy must offer health, disability and life insurance plan coverage to the officer and his dependents on the same terms and conditions that existed immediately prior to the Qualifying Termination for two or three years, or, if earlier, until the executive officer is covered by equivalent plan benefits. Great Plains Energy must make certain "gross-up" payments regarding tax obligations relating to payments under the Severance Agreements as well as provide reimbursement of certain expenses relating to possible disputes that might arise.

Payments and other benefits under the Severance Agreements are in addition to balances due under the Great Plains Energy Long-Term Incentive Plan and Annual Incentive Plan. Upon a Change in Control (as defined in the Great Plains Energy Long-Term Incentive Plan), all stock options granted in tandem with limited stock appreciation rights will be automatically exercised.

Director Compensation

The directors of KCP&L receive the following compensation for serving on the Boards of Great Plains Energy and KCP&L.

Non-employee members of the Board received an annual retainer of $30,000 in 2002 ($15,000 of which was used to acquire shares of Great Plains Energy Common stock through Great Plains Energy's Dividend Reinvestment and Direct Stock Purchase Plan on behalf of each non-employee member of the Board). An additional retainer of $3,000 was paid to those non-employee directors serving as chair of a committee. Attendance fees of $1,000 for each Board meeting and $1,000 for each committee meeting attended were also paid in 2002. Directors may defer the receipt of all or part of the cash retainers and meeting fees.

Great Plains Energy also provides life and medical insurance coverage for each non-employee member of the Board. The total premiums paid by Great Plains Energy for this coverage for all participating non-employee directors in 2002 was $18,362.40.

Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board of Great Plains Energy is composed of four independent directors. The Compensation Committee recommends to the Board the executive compensation structure and administers the policies and plans that govern compensation for the executive officers. Executive compensation is consistent with the Great Plains Energy total remuneration philosophy which provides:

> Given Great Plains Energy's strategies in the competitive and demanding energy marketplace, attracting and retaining talent is a top priority. Great Plains Energy is committed to establishing total remuneration levels which are performance-based, competitive with the energy or utility market for jobs of similar scope to enable the organization to recruit and retain talented personnel at all levels in a dynamic and complex marketplace. This will be established through base salary, benefits and performance-based annual and long-term incentives. The incentive targets will be consistent with current trends in the energy or utility sector and the incentive measures will be appropriately tied to shareholder and customer interests.

The Compensation Committee has not adopted a policy concerning the Internal Revenue Services' rules on the deductibility of compensation in excess of $1,000,000.

Base Salaries

The Compensation Committee reviews executive officer salaries regularly, at least once every twelve months, and makes adjustments as warranted. The Compensation Committee also compares annually executive compensation with national compensation surveys. Base salaries were established for 2002 on the basis of:

- job responsibilities and complexity;
- individual performance under established guidelines;
- competitiveness for comparable positions in companies of similar size within the industry; and
- sustained performance of the company.

Annual Incentives

Under the Great Plains Energy Annual Incentive Plan in 2002 (the "Plan"), executives received incentive compensation based upon the achievement of a specific corporate performance target based on Economic Value Added (EVA(R))1. Under the Plan, when shareholder value is increased by the amount of the annual EVA(R) goal, bonuses are paid at a target level that varies to reflect a participant's level of responsibility. A minimum level of EVA(R) improvement has to be achieved before any bonus is awarded. EVA(R) improvement above the annual goal results in payouts above the target level. In 2002, the EVA(R) goal was met and bonuses were earned at the target level in the amounts set forth in the Summary Compensation Table.

Long-Term Incentive Plan

The Great Plains Energy Long-Term Incentive Plan, as approved by the shareholders in May 2002, provides for grants by the Compensation Committee of stock options, restricted stock, performance shares and other stock-based awards. The Compensation Committee believes that equity interests in Great Plains Energy by its executive officers more closely aligns the interests of management with shareholders and has established stock ownership guidelines for executive officers based on their level within the organization. Compliance with these guidelines is taken into consideration in determining grants under the Long-Term Incentive Plan. Stock options were granted in 2002 in the amounts set forth in the Summary Compensation Table. The stock options were granted at an exercise price equal to the fair market value on the date of issuance.

Chief Executive Officer

In determining the base salary for Bernard J. Beaudoin, the Chairman of the Board, President and Chief Executive Officer in 2002, the Compensation Committee considered:

- financial performance of the company;
- cost and quality of services provided;
- leadership in enhancing the long-term value of the company; and
- relevant salary data including information supplied by the EEI.

Incentive awards to Mr. Beaudoin in 2002 under the Annual Incentive Plan and Long-Term Incentive Plan were determined in the same manner as other executive officers.

COMPENSATION COMMITTEE
William C. Nelson (Chairman)
Mark A. Ernst
William K. Hall
Robert H. West

1EVA(R)is a registered trademark of Stern Stewart & Co. in the United States of America, France, the United Kingdom, Canada, Australia and Mexico.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Great Plains Energy is the sole shareholder of KCP&L.

The following table shows beneficial ownership of Great Plains Energy's common stock by the named executive officers, directors and all directors and officers of Great Plains Energy and KCP&L as of January 31, 2003. The total of all shares owned by directors and officers represents less than 1% of Great Plains Energy's common stock.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	
Named Executive Officers		
Bernard J. Beaudoin	12,538	(1)(2)
Andrea F. Bielsker	2,797	(1)
William H. Downey	4,267	(1)
Stephen T. Easley	699	(1)
Jeanie S. Latz	16,268	(1)
Other Director Nominees		
David L. Bodde	6,593	(3)
Mark A. Ernst	5,414	
Randall C. Ferguson, Jr.	1,221	
William K. Hall	8,491	
Luis A. Jimenez	1,494	
James A. Mitchell	2,121	
William C. Nelson	1,796	
Linda H. Talbott	7,362	
Robert H. West	5,249	(4)
All Executive Officers and Directors As A Group (26 persons)	149,375	(1)

(1) Includes shares held in the Great Plains Energy's Employee Savings Plus Plan and exercisable non-qualified stock option grants under the Long-Term Incentive Plan.
(2) Includes 2,879 shares of restricted stock issued under the Long-Term Incentive Plan.
(3) The nominee disclaims beneficial ownership of 1,000 shares reported and held by nominee's mother.
(4) The nominee disclaims beneficial ownership of 1,000 shares reported and held by nominee's wife.

See Item 5, Market for the Registrants' Common Equity and Related Shareholder Matters, for information on Great Plains Energy's equity compensation plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On November 7, 2002, Innovative Energy Consultants Inc., a wholly-owned subsidiary of Great Plains Energy, merged with Environmental Lighting Concepts, Inc., with Innovative Energy Consultants continuing as the surviving corporation and a wholly-owned subsidiary of Great Plains Energy. At the time of the merger, Gregory J. Orman was Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy, and owned approximately 67% of the stock of Environmental Lighting Concepts. Environmental Lighting Concepts' only significant asset was a 5.8% indirect ownership interest in Strategic Energy, an indirect subsidiary of Great Plains Energy, and the merger increased Great Plains Energy's indirect ownership in Strategic Energy from approximately

83% to approximately 89%. The merger consideration was based on a valuation analysis by Merrill Lynch and Company. On the date of the merger, Mr. Orman received $10.07 million from Great Plains Energy for his interest in Environmental Lighting Concepts in the form of 258,917 shares of Great Plains Energy common stock, valued at $5.34 million, and a short-term note for $4.73 million which was subsequently paid on January 2, 2003.

ITEM 14. CONTROLS AND PROCEDURES

Within 90 days in advance of the filing of this report, Great Plains Energy and KCP&L carried out evaluations, under the supervision and with the participation of each company's management, including the chief executive officer and chief financial officer of those companies and the disclosure committee, of the effectiveness of the companies' disclosure controls and procedures. Based upon these evaluations, the chief executive officer and chief financial officer of Great Plains Energy and KCP&L have concluded that the disclosure controls and procedures of those companies are functioning effectively to provide reasonable assurance that the information required to be disclosed by those companies in the reports that they file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no significant changes to Great Plains Energy's or KCP&L's internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described above.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Financial Statements

Financial Statement Schedules

Exhibits

Great Plains Energy Documents

Exhibit Number		Description of Document
2.1	*	Agreement and Plan of Merger among Kansas City Power & Light Company, Great Plains Energy Incorporated and KCP&L Merger Sub Incorporated dated as of October 1, 2001 (Exhibit 2 to Form 8-K dated October 1, 2001).
3.1.a	*	Articles of Incorporation of Great Plains Energy Incorporated dated as of February 26, 2001 (Exhibit 3.i to Form 8-K filed October 1, 2001).
3.1.b	*	By-laws of Great Plains Energy Incorporated dated March 13, 2001 (Exhibit 3.ii to Form 8-K filed October 1, 2001).
4.1.a	*	Resolution of Board of Directors Establishing 3.80% Cumulative Preferred Stock (Exhibit 2-R to Registration Statement, Registration No. 2-40239).
4.1.b	*	Resolution of Board of Directors Establishing 4.50% Cumulative Preferred Stock (Exhibit 2-T to Registration Statement, Registration No. 2-40239).
4.1.c	*	Resolution of Board of Directors Establishing 4.20% Cumulative Preferred Stock (Exhibit 2-U to Registration Statement, Registration No. 2-40239).
4.1.d	*	Resolution of Board of Directors Establishing 4.35% Cumulative Preferred Stock (Exhibit 2-V to Registration Statement, Registration No. 2-40239).
4.1.e		Underwriting Agreement among Great Plains Energy Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several underwriters, dated November 21, 2002.
10.1.a	+	Amended Long-Term Incentive Plan, effective as of May 7, 2002.
10.1.b	+	Annual Incentive Compensation Plan dated February 2003.
10.1.c	*+	Indemnification Agreement with each officer and director (Exhibit 10-f to Form 10-K for year ended December 31, 1995).
10.1.d	*+	Restated Severance Agreement dated January 2000 with certain executive officers (Exhibit 10-e to Form 10-K for the year ended December 31, 2000).
10.1.e	*+	Supplemental Executive Retirement Plan Amended and Restated November 1, 2000 (Exhibit 10-f to Form 10-K for the year ended December 31, 2000).
10.1.f	*+	Nonqualified Deferred Compensation Plan (Exhibit 10-b to Form 10-Q for the period ended March 31, 2000).

10.1.g	+	Agreement between Great Plains Energy Incorporated and Gregory J. Orman dated December 31, 2002.
10.1.h	+	Employment Agreement between Strategic Energy, L.L.C. and Richard M. Zomnir dated June 13, 2002.
10.1.i	*+	KLT Gas Inc. Compensation Program effective January 1, 2001 (Exhibit 10-l to Form 10-K for the year ended December 31, 2000).
10.1.j	*+	Amendment No. 1 to KLT Gas Inc. Compensation Program dated as of October 31, 2001 (Exhibit 10.1.m to Form 10-K for the year ended December 31, 2001).
10.1.k	*	Demand Promissory Note and Pledge Agreement between DTI Holdings, Inc. and KLT Telecom Inc. dated February 1, 2001 (Exhibit 10-t to Form 10-K for the year ended December 31, 2000).
10.1.l	*	Credit Agreement between KLT Telecom Inc. and Digital Teleport, Inc. dated February 21, 2001 (Exhibit 10-u to Form 10-K for the year ended December 31, 2000).
10.1.m	*	Amendment No. 1 dated April 30, 2001, to Credit Agreement among KLT Telecom Inc. and Digital Teleport, Inc. (Exhibit 10-c to Form 10-Q for the period ended June 30, 2001).
10.1.n	*	Amendment No. 2 dated June 4, 2001 to Credit Agreement between KLT Telecom Inc. and Digital Teleport, Inc. (Exhibit 10-c to Form 10-Q for the period ended June 30, 2001).
10.1.o	*	Credit Agreement between KLT Telecom Inc. and Digital Teleport, Inc. dated as of September 25, 2001 (Exhibit 10 to Form 10-Q for the period ended September 30, 2001).
10.1.p	*	First Amendment dated as of October 23, 2001 to Credit Agreement between KLT Telecom Inc. and Digital Teleport, Inc. (Exhibit 10.1.s to Form 10-K for the year ended December 31, 2001).
10.1.q	*	Credit Agreement dated as of March 13, 2002 among Great Plains Energy Incorporated, BNP Paribas, Bank One of America, N.A. and Bank One, N.A. (Exhibit 10.3.a. to Form 10-Q for the period ended March 31, 2002).
10.1.r	*	Support Agreement between Great Plains Energy Incorporated and R. S. Andrews Enterprises, Inc. dated October 25, 2001 (Exhibit 10.1.a. to Form 10-Q for the period ended March 31, 2002).
10.1.s	*	Guarantee and Suretyship Agreement between Great Plains Energy Incorporated and PNC Bank, National Association dated March 8, 2002 (Exhibit 10.2.a. to Form 10-Q for the period ended March 31, 2002).

10.1.t	*	General Agreement of Indemnity issued by Great Plains Energy Incorporated and Strategic Energy, L.L.C. in favor of Federal Insurance Company and subsidiary or affiliated insurers dated May 23, 2002 (Exhibit 10.1.a. to Form 10-Q for the period ended June 30, 2002).
10.1.u	*	Agreement of Indemnity issued by Great Plains Energy Incorporated and Strategic Energy, L.L.C. in favor of Federal Insurance Company and subsidiary or affiliated insurers dated May 23, 2002 (Exhibit 10.1.b. to Form 10-Q for the period ended June 30, 2002).
10.1.v	*	Guaranty issued by Great Plains Energy Incorporated in favor of El Paso Merchant Energy, L.P. dated June 14, 2002 (Exhibit 10.1.c. to Form 10-Q for the period ended June 30, 2002).
10.1.w	*	Line of Credit Agreement between Great Plains Energy Incorporated and LaSalle Bank National Association dated as of June 14, 2002 (Exhibit 10.1.d. to Form 10-Q for the period ended June 30, 2002).
10.1.x	*	Guaranty issued by Great Plains Energy Incorporated in favor of PG&E Trading-Power, L.P. dated July 26, 2002 (Exhibit 10.1.a. to Form 10-Q for the period ended September 30, 2002).
10.1.y	*	Agreement and Plan of Merger among Environmental Lighting Concepts, Inc., Mark R. Schroeder and Gregory J. Orman, Innovative Energy Consultants Inc. and Great Plains Energy Incorporated dated November 7, 2002 (Exhibit 10 to Form 8-K dated November 7, 2002).
10.1.z		Settlement Agreement dated as of December 23, 2002, by and between Digital Teleport, Inc., the Official Unsecured Creditors Committee of Digital Teleport, Inc., KLT Inc., KLT Telecom Inc., Kansas City Power & Light Company and Great Plains Energy Incorporated.
10.1.aa		Asset Purchase Agreement dated as of December 26, 2002 by and between Digital Teleport, Inc., CenturyTel Fiber Company II, LLC and CenturyTel, Inc.
12.1		Ratio of Earnings to Fixed Charges
16	*	Letter of PricewaterhouseCoopers LLP (Exhibit 16 to Form 8-K/A dated February 8, 2002).
21.1		List of Wholly-Owned Subsidiaries of Great Plains Energy Inc.
23.1.a		Consent of Counsel.
23.1.b		Consent of Independent Accountants-PricewaterhouseCoopers LLP.
23.1.c		Consent of Independent Accountants-Deloitte & Touche LLP.
23.1.d		Consent of Independent Accountants-Deloitte & Touche LLP
24.1		Powers of Attorney.

99.1	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.

* Filed with the SEC as exhibits to prior registration statements (except as otherwise noted) and are incorporated herein by reference and made a part hereof. The exhibit number and file 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
2.2	* Agreement and Plan of Merger among Kansas City Power & Light Company, Great Plains Energy Incorporated and KCP&L Merger Sub Incorporated dated as of October 1, 2001 (Exhibit 2 to Form 8-K dated October 1, 2001).
3.2.a	* Restated Articles of Consolidation of Kansas City Power & Light Company, as amended October 1, 2001 (Exhibit 3-(i) to Form 10-Q for the period ended September 30, 2001).
3.2.b	* By-laws of Kansas City Power & Light Company, as amended on November 7, 2000 (Exhibit 3-b to Form 10-K for the year ended December 31, 2000).
4.2.a	* General Mortgage and Deed of Trust dated as of December 1, 1986, between Kansas City Power & Light Company and UMB Bank, n.a. (formerly United Missouri Bank of Kansas City, N.A.), Trustee (Exhibit 4-bb to Form 10-K for the year ended December 31, 1986).
4.2.b	* Fourth Supplemental Indenture dated as of February 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-y to Form 10-K for the year ended December 31, 1991).
4.2.c	* Fifth Supplemental Indenture dated as of September 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-a to quarterly report on Form 10-Q for the period ended September 30, 1992).
4.2.d	* Sixth Supplemental Indenture dated as of November 1, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-z to Registration Statement, Registration No. 33-54196).
4.2.e	* Seventh Supplemental Indenture dated as of October 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4-a to quarterly report on Form 10-Q for the period ended September 30, 1993).
4.2.f	* Eighth Supplemental Indenture dated as of December 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4 to Registration Statement, Registration No. 33-51799).

4.2.g	*	Ninth Supplemental Indenture dated as of February 1, 1994, to Indenture dated as of December 1, 1986 (Exhibit 4-h to Form 10-K for year ended December 31, 1993).
4.2.h	*	Indenture for Medium-Term Note Program dated as of February 15, 1992, between Kansas City Power & Light Company and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-45736).
4.2.i	*	Indenture for Medium-Term Note Program dated as of November 15, 1992, between Kansas City Power & Light Company and The Bank of New York (Exhibit 4-aa to Registration Statement, Registration No. 33-54196).
4.2.j	*	Amended and Restated Declaration of Trust of Kansas City Power & Light Company Financing I dated April 15, 1997 (Exhibit 4-a to Form 10-Q for the period ended March 31, 1997).
4.2.k	*	Indenture dated as of April 1, 1997 between the Company and The First National Bank of Chicago, Trustee (Exhibit 4-b to Form 10-Q for the period ended March 31, 1997).
4.2.l	*	First Supplemental Indenture dated as of April 1, 1997 to the Indenture dated as of April 1, 1997 between the Company and The First National Bank of Chicago, Trustee (Exhibit 4-c to Form 10-Q for the period ended March 31, 1997).
4.2.m	*	Preferred Securities Guarantee Agreement dated April 15, 1997 (Exhibit 4-d to Form 10-Q for the period ended March 31, 1997).
4.2.n	*	Indenture for $150 million aggregate principal amount of 6.50% Senior Notes due November 15, 2011 and $250 million aggregate principal amount of 7.125% Senior Notes due December 15, 2005 dated as of December 1, 2000, between Kansas City Power & Light Company and The Bank of New York (Exhibit 4-a to Report on Form 8-K dated December 18, 2000).
4.2.o	*	Indenture for $225 million aggregate principal amount of 6.00% Senior Notes due 2007, Series B, dated March 1, 2002 between The Bank of New York and Kansas City Power & Light Company (Exhibit 4.1.b. to Form 10-Q for the period ended March 31, 2002).
10.2.a	*	Railcar Lease dated as of April 15, 1994, between Shawmut Bank Connecticut, National Association, and Kansas City Power & Light Company (Exhibit 10 to Form 10-Q for the period ended June 30, 1994).
10.2.b	*	Railcar Lease dated as of January 31, 1995, between First Security Bank of Utah, National Association, and Kansas City Power & Light Company (Exhibit 10-o to Form 10-K for the year ended December 31, 1994).
10.2.c	*	Railcar Lease dated as of September 8, 1998, with CCG Trust Corporation (Exhibit 10(b) to Form 10-Q for the period ended September 30, 1998).
10.2.d	*	Amended and Restated Lease dated as of October 12, 2001 between Kansas City Power & Light Company and Wells Fargo Bank Northwest, National Association (Exhibit 10.2.d to Form 10-K for the year ended December 31, 2001).

10.2.e	*	Purchase and Sale Agreement dated October 29, 1999 between Kansas City Power & Light Company and Kansas City Power & Light Receivables Company (Exhibit 10-m to Form 10-K for year ended December 31, 1999).
10.2.f		Insurance agreement between Kansas City Power & Light Company and XL Capital Assurance Inc., dated December 5, 2002.
12.2		Ratio of Earnings to Fixed Charges
16.2	*	Letter of PricewaterhouseCoopers LLP (Exhibit 16 to Form 8-K/A dated February 8, 2002).
23.2.a		Consent of Counsel.
23.2.b		Consent of Independent Accountants - PricewaterhouseCoopers LLP.
23.2.c		Consent of Independent Accountants - Deloitte & Touche, LLP
23.2.d		Consent of Independent Accountants - Deloitte & Touche, LLP
24.2		Powers of Attorney.
99.2		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.

* Filed with the SEC as exhibits to prior registration statements (except as otherwise noted) and are incorporated herein by reference and made a part hereof. The exhibit number and file 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.

Reports on Form 8-K

Great Plains Energy
Great Plains Energy filed a report on Form 8-K dated November 7, 2002, including an Agreement and Plan of Merger among Great Plains Energy, Environmental Lighting Concepts, Inc. Innovative Energy Consultants Inc., Gregory J. Orman and Mark R. Schroeder (the ELC Shareholders). Mr. Orman was at the time Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy, and Mr. Schroeder is an employee of a Great Plains Energy subsidiary. Pursuant to the Agreement and Plan of Merger, the ELC Shareholders received $15.08 million of merger consideration. As part of the merger consideration, Great Plains Energy issued 387,596 shares of its common stock to the ELC Shareholders. The remainder of the merger consideration was in the form of short-term notes issued by Great Plains Energy and Innovative Energy Consultants Inc. As a result of the merger, Great Plains Energy's indirect ownership of Strategic Energy, L.L.C., increased from 82.75% to 88.55%.

Great Plains Energy filed a report on Form 8-K dated November 14, 2002, including a press release announcing earnings guidance for 2003, and a press release announcing plans for a public offering of six million of newly issued common shares.

Great Plains Energy filed a report on Form 8-K dated December 16, 2002, including a press release announcing the resignation of Gregory J. Orman as Executive Vice President - Corporate Development and Strategic Planning of Great Plains Energy and as President and Chief Executive Officer of KLT Inc., and his retention as a company advisor effective December 31, 2002.

KCP&L
KCP&L did not file any reports on Form 8-K during the fourth quarter of 2002.

Schedule II - Valuation and Qualifying Accounts and Reserves

Great Plains Energy
Valuation and Qualifying Accounts
Years Ended December 31, 2002, 2001 and 2000

Description	Balance At Beginning Of Period	Additions: Charged To Costs And Expenses	Additions: Charged To Other Accounts	Deductions	Balance At End Of Period
			(millions)		
Year Ended December 31, 2002:					
Allowance for uncollectible accounts	$ 7.3	$ 8.0	$ 3.5 (a)	$ 9.6 (b)	$ 9.2
Legal reserves	2.0	3.5	-	1.7 (c)	3.8
Environmental reserves	1.9	-	-	- (d)	1.9
Tax valuation allowance	15.8	-	-	-	15.8
Other reserves (f)	1.2	1.9	0.5 (i)	2.3 (j)	1.3
Year Ended December 31, 2001:					
Allowance for uncollectible accounts	$ 7.9	$ 6.2	$ 2.9 (a)	$ 9.7 (b)	$ 7.3
Legal reserves	1.6	0.9	-	0.5 (c)	2.0
Environmental reserves	2.0	-	-	0.1 (d)	1.9
Tax valuation allowance (e)	-	15.8	-	-	15.8
Other reserves (g)	0.7	0.9	-	0.4 (k)	1.2
Year Ended December 31, 2000:					
Allowance for uncollectible accounts	$ 7.1	$ 8.0	$ 2.5 (a)	$ 9.7 (b)	$ 7.9
Legal reserves	1.5	0.7	-	0.6 (c)	1.6
Environmental reserves	2.1	-	-	0.1 (d)	2.0
Tax valuation allowance	-	-	-	-	-
Other reserves (h)	0.3	0.6	-	0.2 (l)	0.7

(a) Recoveries. Charged to other accounts for the year ended December 31, 2002, includes the establishment of an allowance of $0.3 million.
(b) Uncollectible accounts charged off. Deductions for the year ended December 31, 2001, include an adjustment of $1.2 million based on a change in estimated collectibility.
(c) Payment of claims
(d) Payment of expenses
(e) A tax valuation allowance of $15.8 million was recorded at KLT Telecom in 2001 to reduce the income tax benefits arising primarily form DTI's 2001 abandonment of its $104.0 million of long-haul assets. The allowance as necessary due to the uncertainty of recognizing future tax deductions while DTI is in the bankruptcy process.
(f) Other reserves at December 31, 2002, include property and casualty insurance reserves, medical insurance reserves and warranty repair reserves for RSAE.
(g) Other reserves at December 31, 2001, include property and casualty insurance reserves, inventory reserves and warranty repair reserves for RSAE.
(h) Other reserves at December 31, 2000, include warranty repair reserves for RSAE.

(i) Primarily the establishment of medical insurance reserves and contributions from Cobra insurance premiums.
(j) Payment of claims on property and casualty and medical insurance reserves, expenses incurred on warranty repair reserves and inventory reserve adjustments.
(k) Payment of claims on property and casualty insurance reserves and expenses incurred on warranty repair reserves.
(l) Expenses incurred on warranty repair reserves.

Kansas City Power & Light Company
Valuation and Qualifying Accounts
Years Ended December 31, 2002, 2001 and 2000

Description	Balance At Beginning Of Period	Additions: Charged To Costs And Expenses	Additions: Charged To Other Accounts	Deductions	Balance At End Of Period
		(millions)			
Year Ended December 31, 2002:					
Allowance for uncollectible accounts	$ 6.4	$ 3.9	$ 3.0 (a)	$ 7.3 (b)	$ 6.0
Legal reserves	2.0	3.5	-	1.7 (c)	3.8
Environmental reserves	1.9	-	-	- (d)	1.9
Tax valuation allowance	-	-	-	-	-
Other reserves(e)	1.2	1.9	0.5 (h)	2.3 (i)	1.3
Year Ended December 31, 2001:					
Allowance for uncollectible accounts	$ 7.9	$ 5.4	$ 2.9 (a)	$ 9.8 (b)	$ 6.4
Legal reserves	1.6	0.9	-	0.5 (c)	2.0
Environmental reserves	2.0	-	-	0.1 (d)	1.9
Tax valuation allowance	-	-	-	-	-
Other reserves(f)	0.7	0.9	-	0.4 (j)	1.2
Year Ended December 31, 2000:					
Allowance for uncollectible accounts	$ 7.1	$ 8.0	$ 2.5 (a)	$ 9.7 (b)	$ 7.9
Legal reserves	1.5	0.7	-	0.6 (c)	1.6
Environmental reserves	2.1	-	-	0.1 (d)	2.0
Tax valuation allowance	-	-	-	-	-
Other reserves(g)	0.3	0.6	-	0.2 (k)	0.7

(a) Recoveries
(b) Uncollectible accounts charged off. Deductions for the year ended December 31, 2001, include an adjustment of $1.2 million based on a change in estimated collectibility and an adjustment of $0.9 million related to Strategic Energy reflecting the October 1, 2001, KCP&L dividending up its 100% ownership of KLT Inc. to Great Plains Energy.
(c) Payment of claims
(d) Payment of expenses
(e) Other reserves at December 31, 2002, include property and casualty insurance reserves, medical insurance reserves and warranty repair reserves for RSAE.
(f) Other reserves at December 31, 2001, include property and casualty insurance reserves, inventory reserves and warranty repair reserves for RSAE.
(g) Other reserves at December 31, 2000, include warranty repair reserves for RSAE.
(h) Primarily the establishment of medical insurance reserves and contributions from Cobra insurance premiums.
(i) Payment of claims on property and casualty and medical insurance reserves, expenses incurred on warranty repair reserves and inventory reserve adjustments.
(j) Payment of claims on property and casualty insurance reserves and expenses incurred on warranty repair reserves.
(k) Expenses incurred on warranty repair reserves.

Report of Independent Accountants

To the Shareholders and the Board of Directors of
Great Plains Energy Incorporated:

Our audits of the consolidated financial statements of Great Plains Energy Incorporated referred to in our report dated February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the to the 2001 and 2000 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003, appearing in this Annual Report on Form 10-K also included an audit of the 2001 and 2000 information included in the financial statement schedule listed in Item 15 of this Form 10-K. In our opinion, the 2001 and 2000 information included in this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 5, 2002

Report of Independent Accountants

To the Shareholder and the Board of Directors of
Kansas City Power & Light Company:

Our audits of the consolidated financial statements of Kansas City Power & Light Company referred to in our report (which has an explanatory paragraph regarding the corporate reorganization which occurred on October 1, 2001), dated February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the to the 2001 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003, appearing in this Annual Report on Form 10-K also included an audit of the 2001 and 2000 information included in the financial statement schedule listed in Item 15 of this Form 10-K. In our opinion, the 2001 and 2000 information included in this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 5, 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREAT PLAINS ENERGY INCORPORATED

Date: February 28, 2003

By: /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Chairman of the Board, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Bernard J. Beaudoin Bernard J. Beaudoin	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	February 28, 2003
/s/Andrea F. Bielsker Andrea F. Bielsker	Senior Vice President - Finance, Chief Financial Officer and Treasurer (Principal Financial Officer)	
/s/Lori A. Wright Lori A. Wright	Controller (Principal Accounting Officer)	
David L. Bodde*	Director	
Mark A. Ernst*	Director	
Randall C. Ferguson, Jr.*	Director	
William K. Hall*	Director	
Luis A. Jimenez*	Director	
James A. Mitchell*	Director	
William C. Nelson*	Director	
Linda H. Talbott*	Director	
Robert H. West*	Director	

*By /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Attorney-in-Fact*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KANSAS CITY POWER & LIGHT COMPANY

Date: February 28, 2003

By: /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Bernard J. Beaudoin Bernard J. Beaudoin	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	
/s/Andrea F. Bielsker Andrea F. Bielsker	Senior Vice President - Finance, Chief Financial Officer and Treasurer (Principal Financial Officer)	
/s/Lori A. Wright Lori A. Wright	Controller (Principal Accounting Officer)	
David L. Bodde*	Director	February 28, 2003
Mark A. Ernst*	Director	
Randall C. Ferguson, Jr.*	Director	
William K. Hall*	Director	
Luis A. Jimenez*	Director	
James A. Mitchell*	Director	
William C. Nelson*	Director	
Linda H. Talbott*	Director	
Robert H. West*	Director	

*By /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Attorney-in-Fact*

CERTIFICATION

I, Bernard J. Beaudoin, certify that:

1. I have reviewed this annual report on Form 10-K of Great Plains Energy Incorporated;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Chairman of the Board, President and
Chief Executive Officer

CERTIFICATION

I, Andrea F. Bielsker, certify that:

1. I have reviewed this annual report on Form 10-K of Great Plains Energy Incorporated;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /s/Andrea F. Bielsker
Andrea F. Bielsker
Senior Vice President - Finance,
Chief Financial Officer and
Treasurer

CERTIFICATION

I, Bernard J. Beaudoin, certify that:

1. I have reviewed this annual report on Form 10-K of Kansas City Power & Light Company;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Chairman of the Board and
Chief Executive Officer

CERTIFICATION

I, Andrea F. Bielsker, certify that:

1. I have reviewed this annual report on Form 10-K of Kansas City Power & Light Company;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /s/Andrea F. Bielsker
Andrea F. Bielsker
Senior Vice President - Finance,
Chief Financial Officer and
Treasurer

Exhibit 4.1.e

GREAT PLAINS ENERGY INCORPORATED

6,000,000 shares of common stock

(no par value)

UNDERWRITING AGREEMENT

November 21, 2002

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
World Financial Center
North Tower
New York, New York 10281-1209
As Representative of the several Underwriters

Ladies and Gentlemen:

Great Plains Energy Incorporated, a Missouri corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch is acting as representative (in such capacity, the "Representative"), with respect to the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, no par value, of the Company ("Common Stock") set forth in said Schedule A, and with respect to the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or a ny part of additional shares of Common Stock to cover over-allotments, if any. The aforesaid shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representative deems advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-3 (No. 333-87190) for the registration of common stock and other securities under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the SEC under the 1933 Act (the "1933 Act Regulations"). Such registration statement has been declared effective by the SEC. Promptly after execution and delivery of this Agreement, the Company will prepare and file with the SEC a prospectus in accordance with the provisions of paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations. The prospectus included in the registration statement at the time it became effective, as supplemented to reflect the terms of the Securities and the terms of the offering of the Securities, as first filed with the SEC pursuant to and in accordance with Rule 424(b) under the 1933 Act Regulations, including all material incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, is hereinafter referred to as the "Prospectus." No document has been or will be prepared or distributed in reliance on Rule 434 under the Act. A "preliminary prospectus" shall be deemed to refer to (i) any prospectus used before the registration statement became effective and (ii) any preliminary prospectus supplement that omitted information to be included upon pricing in a form of prospectus filed with the SEC pursuant to Rule 424(b) of the 1933 Act Regulations and was used after such effectiveness and prior to the initial delivery of the Prospectus to the Underwriters by the Company. Such registration statements, including the exhibits thereto, if any, and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, at the time registration statement becam e effective and including the prospectus included in such registration statement at the time it became effective, as supplemented to reflect the terms of the Securities and the terms of the offering of the Securities, as first filed with the SEC pursuant to and in accordance with Rule 424(b) under the 1933 Act Regulations, is herein called the "Registration Statement"; provided that references to the Registration Statement at the time it became effective shall not be deemed to include the information first filed pursuant to and in accordance with Rule 424(b) under the 1933 Act Regulations; provided, further, that if the Company files a registration statement with the SEC pursuant to Rule 462(b) of the 1933 Act Regulations (the "Rule 462(b) Registration Statement") then all references to "Registration Statement" shall also be deemed to include the Rule 462(b) Registration Statement. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospec tus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the SEC pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Underwriting Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be; and all references in this Underwriting Agreement to amendments or supplements to the Registration Statement, Prospectus or preliminary prospectus shall be deemed to include the filing of any document under the Securities Exchange Act of 1934, as amended (the "1934 Act") which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be.

SECTION 1. Representations and Warranties of the Company.

(a) The Company represents and warrants to, and agrees with, each Underwriter as of the date hereof, and as of the Closing Time (as defined below) and as of each Date of Delivery (if any) (as defined below) that:

(i) Compliance with Registration Requirements. The Company meets the requirements for use of Form S-3 under the 1933 Act. The Registration Statement (including any Rule 462(b) Registration Statement) has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement (or such Rule 462(b) Registration Statement) has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the SEC, and any request on the part of the SEC for additional information has been complied with.

At the respective times the Registration Statement (including any Rule 462(b) Registration Statement) and any post-effective amendments thereto (including the filing of the Company's most recent Annual Report on Form 10-K with the SEC (the "Annual Report on Form 10-K")) became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement (including any Rule 462(b) Registration Statement) and any amendments thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the date of the Prospectus, and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), neither the Prospectus nor any amendments and suppleme nts thereto included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by the Underwriters expressly for use in the Registration Statement or the Prospectus.

Each preliminary prospectus and prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act Regulations, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering will, at the time of such delivery, be identical to any electronically transmitted copies thereof filed with the SEC pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Incorporated Documents. The documents incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act, at the time they were filed with the SEC, complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC thereunder (the "1934 Act Regulations"), and, when read together and with the other information in the Prospectus, at the time the Registration Statement becomes effective, and at the Closing Time (and, if any Options Securities are purchased, at the Date of Delivery) will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and any documents deemed to be incorporated by reference in the Prospectus will, when they are filed with the SEC, comply in all material respects with the requirements of the 1934 Act Regulations, and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(iii) Due Incorporation and Qualification. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify and be in good standing would not have a Material Adverse Effect (as defined herein).

(iv) Subsidiaries. Each "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X) of the Company (which term shall not include Digital Teleport Inc.) and each of KLT Inc.; Kansas City Power & Light Company; KLT Energy Services Inc.; Innovative Energy Consultants Inc.; Custom Energy Holdings, L.L.C.; Strategic Energy, L.L.C.; KLT Gas, Inc.; KLT Investments Inc.; Home Service Solutions Inc.; R.S. Andrews Enterprises, Inc.; and Worry Free Service Inc. (each, a "Subsidiary" and, together with each "significant subsidiary", the "Subsidiaries") has been duly organized or formed and is validly existing as a corporation or limited liability company in good standing under the laws of its jurisdiction of incorporation or formation, has corporate or limited liability company power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is du ly qualified as a foreign corporation or limited liability company to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect (as defined herein); except as otherwise disclosed in the Registration Statement, all of the issued and outstanding shares of capital stock or limited liability company interests owned directly or indirectly by the Company of each such Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock or limited partnership interests of any Subsidiary was issued in violation of the preemptive or similar rights of any security holder of such Subsidiary. The only Subsidiaries of the Company are the subsidiaries listed on Schedule C hereto. The Company's indirect ownership interest in Strategic Energy, L.L.C. is 88.55% and all subsidiaries through which this interest is owned are included as Subsidiaries.

(v) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any security holder of the Company.

(vi) Accountants. The accountants who issued their reports on the financial statements included or incorporated by reference in the Prospectus are independent public accountants within the meaning of the 1933 Act and the 1933 Act Regulations.

(vii) Financial Statements. The financial statements and any supporting schedules of the Company included or incorporated by reference in the Registration Statement and the Prospectus present fairly the financial position of the Company as of the dates indicated and the results of its operations and cash flows for the periods specified; and, except as stated therein, said financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis; and any supporting schedules included in the Registration Statement present fairly the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement.

(viii) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued, fully paid and non-assessable; the Common Stock conforms to all statements relating thereto contained in the Prospectus and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder; and the issuance of the Securities is not subject to the preemptive or other similar rights of any security holder of the Company.

(x) Material Changes or Material Transactions. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as may otherwise be stated therein or contemplated thereby, (a) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect") and (b) there have been no material transactions entered into by the Company and its subsidiaries considered as one enterprise other than those in the ordinary course of business which are material with respect to the Company and its subsidiaries considered as one enterprise.

(xi) No Defaults. The Company is not in violation of its Restated Articles of Consolidation, as amended, or by-laws, or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it or its properties may be bound; the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Company is a party or by which it may be bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the Restated Articles of Consolidation, as amended, or by-laws, of the Company or any law, administrative regulation or administrative or court order or decree.

(xii) Regulatory Approvals. The Company has made all necessary filings and obtained all necessary consents, orders or approvals in connection with the issuance and sale of the Securities or will have done so by the time the Securities shall be issued and sold, and no consent, approval, authorization, order or decree of any other court or governmental agency or body is required for the consummation by the Company of the transactions contemplated by this Agreement except such as may be required under the 1933 Act, the 1933 Act Regulations, the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), or state securities ("Blue Sky") laws.

(xiii) Legal Proceedings; Contracts. Except as may be set forth in the Prospectus, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened against or affecting, the Company which might, in the opinion of the Company, result in any Material Adverse Effect, or might materially and adversely affect its properties or assets or might materially and adversely affect the consummation of this Agreement; and there are no contracts or documents of the Company which are required to be filed as exhibits to the Registration Statement by the 1933 Act or by the 1933 Act Regulations which have not been so filed.

(xiv) Franchises. The Company and its subsidiaries hold, to the extent required, valid and subsisting franchises, licenses and permits authorizing them to carry on the respective utility businesses in which they are engaged, in the territories from which substantially all of their gross operating revenue is derived.

(xv) Investment Company Act. The Company is not and, upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus, will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xvi) Sarbanes-Oxley. The Company is in compliance with the provisions of the Sarbanes-Oxley Act of 2002 to the extent currently applicable.

(b) Additional Certifications. Any certificate signed by any director or officer of the Company and delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each representation date subsequent thereto.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule B, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional 900,000 shares of Common Stock at the price per share set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representative to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representative, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representative in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) Payment. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Dewey Ballantine

LLP, 1301 Avenue of the Americas, New York, New York, 10019, or at such other place as shall be agreed upon by the Representative and the Company, at 9:00 A.M. (Eastern time) on the fourth (if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representative and the Company (such time and date of payment and delivery being herein called "Closing Time")

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representative and the Company, on each Date of Delivery as specified in the notice from the Representative to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Representative for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representative, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) Denominations; Registration. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representative may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representative in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company.

The Company covenants with each Underwriter as follows:

(a) Notice of Certain Events. The Company will notify the Underwriters immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus, (ii) the receipt of any comments from the SEC, (iii) any request by the SEC for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the initiation of any proceedings for any of such purposes, and (v) any withdrawal or lowering of the rating assigned by Moody's Investors Service, Inc. or Standard & Poor's Rating Group (each, a "Rating Agency") to any d ebt securities of the Company or the public announcement by any Rating Agency that it has under surveillance or review, with possible negative implications, its rating of such debt securities, but only to the extent such Rating Agency has notified the Company of such surveillance or review. The Company will promptly effect the filings necessary pursuant to Rule 424 and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424 was received for filing by the SEC and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Amendments and Supplements. The Company will not: (i) at any time after the Registration Statement becomes effective, file any amendment to the Registration Statement or any amendment or supplement to the Prospectus (including a prospectus filed pursuant to Rule 424(b) which differs from the prospectus on file at the time the Registration Statement becomes effective), or (ii) at any time when delivery of a Prospectus (exclusive of documents incorporated therein by reference) is required in connection with the offering or sale of the Securities, file any documents pursuant to Section 13, 14 or 15(d) of the 1934 Act, in either case, to which you shall reasonably object or which shall be reasonably disapproved by counsel for the Underwriters.

(c) Copies of the Registration Statement. The Company will deliver to the Underwriters as many signed and conformed copies of the Registration Statement (as originally filed) and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated by reference in the Prospectus) as the Underwriters may reasonably request.

(d) Copies of the Prospectus. The Company will deliver to each Underwriter, from time to time before the Registration Statement becomes effective, such number of copies of the preliminary prospectus as originally filed, relating to the Securities, and of any amended preliminary prospectus, and will deliver, as soon as the Registration Statement becomes effective and thereafter from time to time during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented), as such Underwriter may reasonably request for the purposes contemplated by the 1933 Act or the 1933 Act Regulations.

(e) Revisions of Prospectus - Material Changes. If at any time when a prospectus relating to the Securities is required to be delivered under the 1933 Act any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of counsel for the Underwriters or counsel for the Company, to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, or if it shall be necessary, in the reasonable opinion of either such counsel, to amend or supplement the Registration Statement or the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the SEC such amendment or supplement, whether by filing documents pursuant to the 1934 Act, the 1933 Act or otherwise, as may be necessary to correct such untrue statement or omission or to make the Registration Statement and Prospectus comply with such requirements.

(f) Earnings Statements. The Company will make generally available to its security holders as soon as practicable, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering each twelve month period beginning, in each case, not later than the first day of the Company's fiscal quarter next following the "effective date" (as defined in such Rule 158) of the Registration Statement.

(g) Blue Sky Qualifications. The Company will endeavor, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Underwriters may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Securities have been qualified as above provided. The Company will promptly advise the Underwriters of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securi ties for sale in any such state or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) 1934 Act Filings. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act, will file promptly all documents required to be filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act.

(i) Restriction on Sale of Securities. During, a period of 90 days from the date of the Prospectus, the Company will not, without the prior written consent of the Representative, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common S tock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, or (B) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans, dividend reinvestment plans, employee savings plus (401-K) plans and executive compensation plans of the Company.

(j) Listing. The Company will use its best efforts to effect the listing of the Securities on the New York Stock Exchange.

SECTION 4. Conditions; Obligations.

The obligations of the several Underwriters to purchase and pay for the Securities pursuant to this Agreement will be subject to the accuracy of the representations and warranties on the part of the Company herein and to the accuracy of the statements of the Company's officers made in any certificate furnished pursuant to the provisions hereof, to the performance and observance by the Company of all its covenants and agreements herein contained and to the following additional conditions precedent:

(a) Registration Statement. Prior to the Closing Time, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or the Underwriters, shall be threatened by the SEC.

(b) Lock-up Agreements. At the Closing Time, the Representative shall have received agreements substantially in the form of Exhibit A hereto signed by the persons listed on Schedule D hereto.

(c) Material Changes and Transactions. Since the respective most recent dates as of which information is given in the Prospectus and up to the Closing Time, there shall not have been any material adverse change in the condition of the Company, financial or otherwise, except as reflected in or contemplated by the Prospectus, and, since such date and up to the Closing Time, there shall not have been any material transaction entered into by the Company other than transactions contemplated by the Prospectus and transactions in the ordinary course of business.

(d) Legal Opinions. At Closing Time, the Underwriters shall have received the following legal opinions, dated the Closing Time, and in form and substance satisfactory to the Underwriters:

(1) Opinion of Company Counsel. The opinion of Ms. Jeanie Sell Latz, Executive Vice President - Corporate and Shared Services and Secretary, or the General Counsel of the Company (collectively, "Company Legal Officer") to the effect that:

(i) the Company is a validly organized and existing corporation in good standing under the laws of the State of Missouri and is duly qualified as a foreign corporation to do business in the State of Kansas;

(ii) the Company is a public utility holding company duly authorized by its Articles of Incorporation, as amended, under which it was organized to carry on the business in which it is engaged as set forth in the Prospectus; and the Company has the legal right to function and operate as an electric utility holding company in the States of Missouri and Kansas;

(iii) this Agreement has been duly authorized, executed and delivered by the Company; the authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement); the shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company;

(iv) the Securities have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth in this Agreement, will be validly issued and fully paid and non-assessable and no holder of the Securities is or will be subject to personal liability by reason of being such a holder;

(v) the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company;

(vi) each Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or limited liability company power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation or limited liability company to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock or limited liability company interests directly or indirectly owned by the Company of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and, to the best of the Company Legal Officer's knowledge, such capital stock or limited liability company interests owned by the Company, are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock or limited liability company interests of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary and the Company's indirect ownership interest in Strategic Energy, LLC, is 88.55% and all Subsidiaries through which this interest is owned are listed as Subsidiaries;

(vii) all orders authorizing the issuance and sale of the Securities have been duly entered and are still in full force and effect, and no further approval, authorization, consent, certificate or order of any state or federal commission or regulatory authority (other than as may be required under the securities or blue sky laws of the various states, as to which we need express no opinion) is necessary with respect to the issue and sale of the Securities as contemplated in this Agreement;

(viii) the Company and its Subsidiaries, to the extent required, hold valid and subsisting franchises, licenses and permits authorizing them to carry on the respective utility businesses in which they are engaged, in the territory from which substantially all of their gross operating revenue is derived;

(ix) the statements contained in the Registration Statement and Prospectus which are expressed therein have been made on the authority of legal counsel to the Company, have been reviewed by such legal counsel and, as to matters of law and legal conclusions, are correct;

(x) the Registration Statement is effective under the 1933 Act, and no proceedings for a stop order are pending or, to the best of the Company Legal Officer's knowledge, threatened under Section 8(d) of the 1933 Act;

(xi) (A) the Registration Statement and the Prospectus comply as to form in all material respects with the 1933 Act and with the 1933 Act Regulations and (B) the documents incorporated by reference in the Prospectus, as of the time they were filed with the SEC, complied as to form in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations, it being understood that the Company Legal Officer need express no opinion or belief as to the financial statements and other financial data included in the Registration Statement, Prospectus or such documents;

(xii) to the best of the Company Legal Officer's knowledge, there are no legal or governmental proceedings pending or threatened which are required to be disclosed in the Prospectus, other than those disclosed therein, and all pending legal or governmental proceedings to which the Company is a party or of which any of its property is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business of the Company, are, considered in the aggregate, not material to the financial condition of the Company;

(xiii) to the best of the Company Legal Officer's knowledge, the Company is not in violation of its Restated Articles of Consolidation, as amended, or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note or lease to which it is a party or by which it or any of its properties may be bound. The execution and delivery of this Agreement or the consummation by the Company of the transactions contemplated by this Agreement and the incurrence of the obligations therein contemplated, will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument known to such counsel and to which the Company is a party or by which it may be bound or to which any of the property or assets of the Company is subject, or any law, administrative regulation or administrative or court decree known to such counsel to be applicable to the Company of any court or governmental agency, authority or body or any arbitrator having jurisdiction over the Company; nor will such action result in any violation of the provisions of the Restated Articles of Consolidation, as amended, or by-laws of the Company; and

(xiv) to the best of the Company Legal Officer's knowledge, there are no contracts, indentures, mortgages, loan agreements, notes, leases or other instruments or documents required to be described or referred to in the Registration Statement or the Prospectus or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, the descriptions thereof or references thereto are correct, and no default exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instruments described, referred to, filed or incorporated by reference.

(2) Opinion of Counsel to the Underwriters. The letter of Dewey Ballantine LLP, counsel for the Underwriters, in which such counsel shall set forth their opinions with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus and other related matters as the Underwriters may reasonably require, and the Company shall have furnished to such counsel such documents as they may request for the purpose of enabling them to pass upon such matters.

(3) Additional Statements. In giving their opinions required by subsection (d)(1) and (d)(2) of this Section, the Company Legal Officer and Dewey Ballantine LLP shall each additionally state that nothing has come to their attention that would lead them to believe that the Registration Statement, at the time it became effective, and if an amendment to the Registration Statement or an Annual Report on Form 10-K has been filed by the Company with the SEC subsequent to the effectiveness of the Registration Statement, then at the time such amendment became effective or at the time of the most recent such filing, and at the Closing Time, contains or contained an untrue statement of a material fact or omits or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading or that the Prospectus, as of its date, as amended o r supplemented at the Closing Time, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Officer's Certificate. At the Closing Time the Underwriters shall have received a certificate of the President or Vice President and the chief financial or chief accounting officer of the Company, dated the Closing Time, to the effect that to the best of their knowledge, after reasonable investigation (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, (ii) the other representations and warranties of the Company contained in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of the date of such certificate, (iii) the Company has performed or complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the SEC.

(f) Comfort Letters. (1) At the time of the execution of this Agreement, the Underwriters shall have received a letter from each of (i) Deloitte & Touche LLP, accountants to the Company, dated as of the date hereof and in form and substance satisfactory to the Underwriters, addressed to the Underwriters containing statements and information of the type ordinarily included in an accountants' SAS 72 comfort letter, (ii) Deloitte & Touche LLP, accountants to DTI Holdings, Inc. and its subsidiary, Digital Teleport Inc., dated as of the date hereof and in form and substance satisfactory to the Underwriters, addressed to the Underwriters, and (iii) PricewaterhouseCoopers LLP, previous accountants to the Company, dated as of the date hereof and in form and substance satisfactory to the Underwriters.

(2) At the Closing Time, the Underwriters shall have received from each of Deloitte & Touche LLP and PricewaterhouseCoopers LLP letters, dated the Closing Time, to the effect that such accountants reaffirm the statements made in the letters furnished pursuant to Section (4)(f)(1), except that the specified date referred to shall be a date not more than three days prior to the Closing Time.

(g) Approval of Listing. At Closing Time, the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(h) Conditions to Purchase of Option Securities. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representative shall have received:

(1) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at Closing Time pursuant to Section 4(e) hereof remains true and correct as of such Date of Delivery.

(2) Opinion of Counsel for Company. The favorable opinion of counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 4(d)(1) hereof.

(3) Opinion of counsel for Underwriters. The favorable opinion of Dewey Ballantine LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 4(d)(2) hereof.

(4) Bring-down Comfort Letters. Letters from Deloitte & Touche LLP and PricewaterhouseCoopers LLP, in form and substance satisfactory to the Representative and dated such Date of Delivery, substantially in the same form and substance as the letters furnished to the Representative pursuant to Section 4(f) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three days prior to such Date of Delivery.

(i) 1935 Act Order. At the Closing Time and at each Date of Delivery, an appropriate order of the SEC under the 1935 Act as necessary to permit the sale of the Securities to the Underwriters, shall be in effect.

(j) Other Documents. At the Closing Time and at each Date of Delivery, counsel to the Underwriters shall have been furnished with such documents and opinions as such counsel may reasonably require for the purpose of enabling such counsel to pass upon the issuance and sale of the Securities as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Underwriters and to counsel to the Underwriters.

If any condition specified in subdivisions (a) through (k) of this Section 4 shall not have been fulfilled when and as required to be fulfilled, this Agreement or, in the case of any condition to the purchase of Option Securities, on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities may be terminated by the Underwriters by notice to the Company at any time prior to the Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party, except Sections 5 and 6 and the provisions concerning payment of expenses under Section 7 hereof shall survive any such termination and remain in full force and effect.

SECTION 5. Indemnification.

(a) Indemnification of the Underwriters. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls such Underwriter within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the preliminary prospectus or Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such untrue statement or omission or such alleged untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use in the Regist ration Statement, preliminary prospectus or the Prospectus;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred, (including the fees and disbursements of counsel chosen by such Underwriter) reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

(b) Indemnification of Company. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or the preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use in the Registration statement (or any amendment thereto) or the preliminary prospectus or the Prospectus (or any amen dment or supplement thereto).

(c) General. Each indemnified party shall give notice as promptly as reasonably possible to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 5(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and in the case of parties indemnified pursuant to Section 5(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no ev ent shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 5 or Section 6 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 5(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 6. Contribution.

(a) If the indemnification provided for in Section 5 is unavailable or insufficient to hold harmless an indemnified party, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Section 5 above as incurred (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand, and the Underwriters on the other, from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand, and the Underwriters on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any o ther relevant equitable considerations. The relative benefits received by the Company on the one hand, and the Underwriters on the other, shall be deemed to be in the same respective proportions as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Underwriters from the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purposes) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (a) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing or defending any action or claim which is the subject of this subsection (a). Notwithstanding the provisions of this Section 6, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Underwriters obligations in this Section 6 to c ontribute are several in proportion to their respective purchase obligations and not joint.

(b) No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls such Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such Underwriter and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company.

SECTION 7. Payment of Expenses.

The Company will pay all expenses incident to the performance of its obligations under this Agreement, including:

(a) The preparation and filing of the Registration Statement and all amendments thereto and the Prospectus and any amendments or supplements thereto;

(b) The preparation, filing and reproduction of this Agreement;

(c) The preparation, printing, issuance and delivery of the certificates for the Securities, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities;

(d) The fees and disbursements of the Company's accountants and counsel;

(e) The qualification of the Securities under state securities laws in accordance with the provisions of Section 3(g) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of any Blue Sky Survey and any Legal Investment Survey;

(f) The printing and delivery to the Underwriters in quantities as hereinabove stated of copies of the Registration Statement and any amendments thereto, and of the Prospectus and any amendments or supplements thereto, and the delivery by the Underwriters of the Prospectus and any amendments or supplements thereto in connection with solicitations or confirmations of sales of the Securities;

(g) The fees and expenses of any transfer agent or registrar for the securities;

(h) The cost of preparing, and providing any CUSIP or other identification number for, the Securities;

(i) The fees and expenses incurred in connection with the listing of the Securities on the New York Stock Exchange; and

(j) All reasonable out of pocket expenses incurred by the Representative with respect to the "road show", including expenses relating to slide production, internet roadshow taping and travel.

The Underwriters shall be responsible for the fees and disbursements of their counsel, Dewey Ballantine LLP, except to the extent provided in Section 7(e).

SECTION 8. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto or thereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or any controlling person of the Underwriters, or by or on behalf of the Company, and shall survive the delivery of and payment for any of the Securities.

SECTION 9. Termination.

(a) Termination of this Agreement. The Representative may terminate this Agreement, immediately upon notice to the Company, at any time prior to the Closing Time (i) if there has been, since the date of this Agreement or since the respective dates as of which information is given in the Prospectus (exclusive of any supplement thereto), any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred any material adverse change in the financial markets in the United States or in the international financial markets or any outbreak or escalation of hostilities or other calamity or crisis or development involving a prospective change in national or international, political, financial or economic conditions in each case, the effect of which is such as to make it, in the judgment of the Representative, impracticable or inadvisable to market the Securities or enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended by the SEC or a national securities exchange, or if trading generally on either the American Stock Exchange or the New York Stock Exchange or the NASDAQ national market shall have been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by either of said exchanges or by order of the SEC or any other governmental authority, or if a banking moratorium shall have been declared by either Federal or New York authorities, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (iv) if the rating assigned by any nationally recognized securities rating agency to any debt securities of the Company as of the dat e of this Agreement shall have been lowered since that date or if any such rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any debt securities of the Company, or (v) if there shall have come to the attention of the Representative any facts that would cause the Representative to believe that the Prospectus, at the time it was required to be delivered to a purchaser of Securities, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading.

(b) General. If the Underwriters shall so terminate this Agreement, pursuant to Section 9(a), such termination shall be without liability of any party to any other party except for any expenses to be paid or reimbursed by the Company pursuant to Section 7 and provided further that Sections 5 and 6 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One of the Underwriters.

If one or more of the Underwriters shall fail at the Closing Time or a Date of Delivery to purchase the principal amount of Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), then the remaining Underwriters (the "Non-Defaulting Underwriter") shall have the right, within 24 hours thereafter, to make arrangements to purchase all, but not less than all, of the Defaulted Securities upon the terms herein set forth. If, however, during such 24 hours the Non-Defaulting Underwriters shall not have completed such arrangements for the purchase of all of the Defaulted Securities, then this Agreement shall terminate without any liability on the part of the Company or the Non-Defaulting Underwriters. Nothing in this Section 10 and no action taken pursuant to this Section 10 shall relieve any Defaulting Underwriter from liability in respect of any default of such Underwriter under this Ag reement. In the event of a default by any Underwriter as set forth in this Section 10, either the Non-Defaulting Underwriters or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order that any required changes in the Registration Statement or Prospectus or in any other documents or arrangements may be effected.

SECTION 11. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Company:

Great Plains Energy Incorporated
1201 Walnut Street
Kansas City, Missouri 64106-2124
Attention: Treasurer
Facsimile: (816) 556-2992

If to the Underwriters:.

Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
North Tower
World Financial Center
New York, New York 10281
Attention: Mary Ryan
Facsimile: (212) 449-7148

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 11.

SECTION 12. Governing Law.

This Agreement and all the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in such State. Any suit, action or proceeding brought by the Company against the Underwriters in connection with or arising under this Agreement shall be brought solely in the state or federal court of appropriate jurisdiction located in the Borough of Manhattan, The City of New York.

SECTION 13. Parties.

This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 5 and 6 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any of the Underwriters shall be deeme d to be a successor by reason merely of such purchase.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

GREAT PLAINS ENERGY INCORPORATED

By: /s/Bernard J. Beaudoin
Name: Bernard J. Beaudoin
Title: Chief Executive Officer

By: /s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Chief Financial Officer and Treasurer

Accepted:

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
By: /s/Karl Newlin
Name: Karl Newlin
Title: Vice President

For itself and as Representative of the Underwriters named in Schedule A

SCHEDULE A

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,220,000
Banc of America Securities LLC	832,500
Credit Suisse First Boston Corporation	832,500
Lehman Brothers Inc.	832,500
Morgan Stanley & Co. Incorporated	832,500
A.G. Edwards & Sons, Inc.	75,000
BNY Capital Markets, Inc.	75,000
William Blair & Company, L.L.C.	75,000
Crowell, Weedon & Co.	75,000
Fahnestock & Co. Inc.	75,000
Jefferies & Company, Inc.	75,000
Total	6,000,000

SCHEDULE B

GREAT PLAINS ENERGY INCORPORATED

Shares of Common Stock

(No Par Value)

1. The initial public offering price per share for the Securities, determined as provided in said Section 2, shall be $22.00.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $21.175, being an amount equal to the initial public offering price set forth above less $.825 per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

SCHEDULE C

List of Subsidiaries

Custom Energy Holdings, L.L.C.

Home Service Solutions Inc.

Innovative Energy Consultants Inc.

Kansas City Power & Light Company

KLT Energy Services Inc.

KLT Gas, Inc.

KLT Inc.

KLT Investments, Inc.

Strategic Energy, L.L.C.

R.S. Andrews Enterprises, Inc.

Worry Free Service Inc.

SCHEDULE D

Directors and Officers of Great Plains Energy

Bernard J. Beaudoin	Chairman of the Board, President and Chief Executive Officer
Andrea F. Bielsker	Senior Vice President of Finance, Chief Financial Officer and Treasurer
David J. Bodde	Director
William H. Downey	Executive Vice President

Mark A. Ernst	Director
Randall C. Ferguson, Jr.	Director
William K. Hall	Director
Luis A. Jimenez	Director
Jeanie S. Latz	Senior Vice President -Corporate Services and Secretary
James A. Mitchell	Director
Douglas M. Morgan	Vice President Information Technology and Support Services
William C. Nelson	Director
Brenda Nolte	Vice President - Public Affairs
Gregory J. Orman	Executive Vice President
William G. Riggins	General Counsel
Lori Wright	Controller
Andrew B. Stroud, Jr.	Vice President - Human Resources
Linda Hood Talbott	Director
Robert H. West	Director

Exhibit A

FORM OF LOCK UP FROM DIRECTORS AND OFFICERS

November[___], 2002

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
North Tower
World Financial Center
New York, New York 10281
as Representative of the several
Underwriters to be named in the
within-mentioned Purchase Agreement

Re: Proposed Public Offering by Great Plains Energy Incorporated

Dear Sirs:

The undersigned, a stockholder and an officer and/or director of Great Plains Energy Incorporated, a Missouri corporation (the "Company"), understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") proposes to enter into an Underwriting Agreement (the "Underwriting Agreement") with the Company providing for the public offering of shares (the "Securities") of the Company's common stock, no par value (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder and an officer and/or director of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Underwriting Agreement that, during a period of 90 days from the date of the Underwriting Agreement, the undersigned will not, without the p rior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing of (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Very truly yours,

Signature: ______________________

Print Name: ____________________

Exhibit 10.1.a

GREAT PLAINS ENERGY INCORPORATED

LONG-TERM INCENTIVE PLAN

SECTION ONE. PURPOSE OF PLAN

The purposes of the Plan are to encourage officers and employees of the Company to acquire proprietary and vested interest in the growth and performance of the Company, to generate an increased incentive to enhance the value of the Company for the benefit of its customers and Shareholders, and to aid in the attraction and retention of exceptionally qualified individuals upon whom the Company's success largely depends.

SECTION TWO. DEFINITIONS

The following definitions are applicable herein:

"Award" means the award to a Participant of Restricted stock, Stock Option, Limited Stock Appreciation Right, or Performance Shares.

"Award Period" means that period established by the Committee during which any performance goals specified with respect to earning any Award are to be measured.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations promulgated thereunder.

"Committee" means the Compensation Committee of the Board, composed of not less than two directors, each of whom is a Disinterested Person.

"Common stock" means the common stock, without par value, of the Company, or such other class of shares or other securities as may be subject to the Plan as a result of an adjustment made pursuant to the provisions of Section Fifteen I.

"Company" means Great Plains Energy Incorporated and its successors, including any Company as provided in Section Fifteen J.

"Date of Disability" means the date on which a Participant is classified as disabled as defined in the Company's Long-Term Disability Plan.

"Date of Grant" means the date on which an Award is granted by the Committee or such later date as may be specified in making such grant.

"Date of Retirement" means the date of normal retirement or early retirement as defined in the Company's pension plan.

"Disinterested Person" means a disinterested person as defined in Rule 16b-3(c)(2)(i) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor definition adopted by the Securities and Exchange Commission.

"Eligible Employee" means any person employed by the Company or a Subsidiary on a regularly scheduled basis during any portion of an Award Period and who satisfies all of the requirements of Section Six.

"Fair Market Value" means the average of the high and low prices for the common stock as reported on the New York Stock Exchange Composite Transactions for the date(s) specified from time to time by the Committee.

"Incentive Stock Option" means an incentive stock option within the meaning of Section 422 of the Code.

"Option" or "Stock Option" means either a non-qualified stock option or an Incentive Stock Option granted under Section Eight.

"Option Period" or "Option Periods" means the period or periods during which an option is exercisable as described in Section Eight E.

"Participant" means an Eligible Employee who has been granted an Award under the Plan.

"Plan" means the Great Plains Energy Incorporated Long-Term Incentive Plan.

"Performance Shares" means an Award granted under Section Ten.

"Restricted stock" means an Award granted under Section Seven.

"Subsidiary" means any corporation of which 50% or more of its outstanding voting stock or voting power is beneficially owned, directly or indirectly, by the Company.

"Termination" means resignation or discharge from employment with the Company or any one of its Subsidiaries, except in the event of death, disability, or retirement.

SECTION THREE. EFFECTIVE DATE, DURATION AND STOCKHOLDER APPROVAL

A. Effective Date.

The Plan became effective on May 5, 1992.

B. Period for Grants of Awards.

Awards may be granted until May 5, 2012.

C. Termination of the Plan.

The Plan shall continue in effect until all matters relating to the payment of Awards and administration of the Plan have been settled.

SECTION FOUR. ADMINISTRATION

The Plan shall be administered by the Committee for, and on behalf of, the Board. The Committee shall have all of the powers (other than amending or terminating this Plan as provided in Section Fourteen) respecting the Plan. All questions of interpretation and application of the Plan, or of the terms and conditions pursuant to which Awards are granted, exercised or forfeited under the provisions hereof, shall be subject to the determination of the Committee. Any such determination shall be final and binding upon all parties affected thereby.

SECTION FIVE. GRANT OF AWARDS AND LIMITATION OF NUMBER OF SHARES AWARDED

The Committee may, from time to time, grant awards to one or more Eligible Employees, provided that (i) subject to any adjustment pursuant to Section Fifteen I, the aggregate number of shares of common stock available for Awards under this Plan may not exceed 3,000,000 shares; (ii) to the extent that an award lapses or the rights of the Participant to whom it was granted terminate, any shares of common stock subject to such Award shall again be available for the grant of an Award under the Plan; and (iii) shares delivered by the Company under the Plan may be authorized but unissued common stock, common stock held in the treasury of the Company or common stock purchased on the open market (including private purchases) in accordance with applicable securities laws. In determining the size of the Awards, the Committee shall assess the performance of the Eligible Employees against criteria to be established by the Committee, from time to time, based on the Comp any's performance (such as stockholder and customer related factors) and shall take into account a Participant's responsibility level, potential, cash compensation level, and the Fair Market Value of the common stock at the time of Awards, as well as such other considerations as it deems appropriate.

SECTION SIX. ELIGIBILITY

Officers and other employees of the Company and its subsidiaries (including officers or salaried full-time employees who are members of the Board, but excluding directors who are not officers or employees) who, in the opinion of the Committee, make significant contributions to the continued growth, development, and financial success of the Company or one or more of its Subsidiaries shall be eligible to receive Awards. Subject to the provisions of the Plan, the Committee shall from time to time select from such eligible persons those to whom Awards shall be granted and determine the amount of such Awards. No officer or employee of the Company or any of its Subsidiaries shall have any right to be granted an Award under this Plan.

SECTION SEVEN. RESTRICTED STOCK

A. Grant of Restricted stock.

An Award made pursuant to this Section Seven shall be in the form of shares of common stock, restricted as provided herein. The restricted stock shall be issued in the name of the Participant and shall bear a restrictive legend prohibiting sale, transfer, pledge or hypothecation of the restricted stock until the expiration of the restriction period.

The Committee may also impose such other restriction and conditions on the restricted stock as it deems appropriate.

Upon issuance to the Participant of restricted stock, the Participant shall have the right to vote the restricted stock.

B. Restriction Period.

At the time restricted stock is awarded, the Committee shall establish a restriction period applicable to such Award which shall not be less than three years nor more than ten years. Each Restricted Stock Award may have a different restriction period at the discretion of the Committee.

Notwithstanding the other provisions of this Section Seven B, the Committee is authorized in its sole discretion to accelerate the time at which any or all of the restrictions on the restricted stock shall lapse or to remove any or all of such restrictions whenever the Committee may decide that changes in tax or other laws or business conditions arising after the granting of a restricted stock Award make such action appropriate. Notwithstanding the above, the shares of restricted stock may not be sold by a Participant within six months of the date on which such shares were granted.

C. Payout of Award.

Upon completion of the restriction period and satisfaction of any other restrictions required by the Award, all restrictions upon the Award will expire. New certificates representing the Award will be issued without the restrictive legend described in Section Seven A, and the shares will become nonforfeitable.

SECTION EIGHT. STOCK OPTION

A. Grant of Option.

An Award of one or more options may be granted to any Eligible Employee.

B. Stock Option Agreement.

Each option granted under the Plan shall be evidenced by a "Stock Option Agreement" between the Company and the Participant containing such terms and conditions as may be determined by the Committee, including, without limitations, provisions to qualify Incentive Stock Options as such under Section 422 of the Code; provided, however, that each Stock Option Agreement must include the following terms and conditions: (i) that the Options are exercisable either in total or in part with a partial exercise not affecting the exercisability of the balance of the option; (ii) that every share of common stock purchased through the exercise of an option shall be paid for in full at the time of the exercise; (iii) that each option shall cease to be exercisable, as to any share of Common stock, at the earliest of (a) the Participant's purchase of the common stock to which the option relates, (b) the exercise of a related Limited Stock Appreciation Right, or (c) the lapse of the option ; and (iv) that options shall not be transferable by the Participant other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

C. Option Price.

The Option Price per share of common stock shall be set by the grant, but shall not be less than 100% of the Fair Market Value at the Date of the Grant.

D. Form of Payment.

At the time of an exercise of an option, the option price shall be payable in cash or in previously-owned shares of common stock or in a combination thereof. When common stock is used in full or partial payment of the option price, it shall be valued at the Fair Market Value on the date the option is exercised.

E. Other Terms and Conditions.

Each option shall become exercisable in such manner and within such option period or periods not to exceed ten years from its Date of Grant, as set forth in the Stock Option Agreement.

F. Lapse of Option.

An option will lapse upon the first occurrence of one of the following circumstances: (i) ten years from the Date of Grant; (ii) three months following the Participant's Date of Retirement; (iii) at the time of a Participant's Termination; (iv) at the expiration of the option period set by the grant; or (v) twelve months from the Date of Disability. If, however, the Participant dies within the option period and prior to the lapse of the Option, the Option shall lapse unless it is exercised within the option period or twelve months from the date of the Participant's death, whichever is earlier, by the Participant's legal representative or representatives or by the person or persons entitled to do so under the Participant's will or, if the Participant shall fail to make testamentary disposition of such option or shall die intestate, by the person or persons entitled to receive said option under the applicable laws of descent and distribution.

G. Rights as a Stockholder.

A participant or a transferee of a Participant shall have no rights as a stockholder with respect to any shares of common stock covered by an option, until the date the option is exercised, except as provided in Section Fifteen A.

H. Early Disposition of Common stock.

If a Participant shall engage in a disqualifying disposition (such as term or successor term is then used under the Code) with respect to any shares of common stock purchased pursuant to an Incentive stock option (presently within one year from the date the shares were acquired or within two years from the Date of Grant of the Option), then, to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it under the circumstances, the Participant shall, within ten days of such disposition, notify the Company of the dates of acquisition and disposition of such shares of common stock, the number of shares so disposed and the consideration, if any, received therefore.

I. Individual Dollar Limitations.

The aggregate Fair Market Value (determined at the time of Award) of the common stock, with respect to which an Incentive Stock Option is exercisable for the first time by a Participant during any calendar year (whether under this Plan

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or another plan or arrangement of the Company) shall not exceed $100,000 (or such other limit as may be in effect under the Code on the date of Award).

J. No Obligation to Exercise Option.

The Granting of an option shall impose no obligation on the Participant to exercise such option.

K. Six Month Period.

At least six months must elapse between the date the option is acquired by the Participant and the date of disposition of the option (other than upon exercise or conversion) or the common stock for which it is exercisable.

SECTION NINE. LIMITED STOCK APPRECIATION RIGHT

A. Grant of Limited Stock Appreciation Right.

The Committee may, in its sole discretion, grant a Limited Stock Appreciation Right to the holder of any stock option granted under the Plan.

A Limited Stock Appreciation Right may be granted with respect to a stock option at the time of its grant or any time thereafter up to six months prior to its expiration.

B. Exercise of Limited Stock Appreciation Right.

Limited Stock Appreciation Rights will be automatically exercised one day after an event of Change of Control (as defined in Section Eleven). A Limited Stock Appreciation Right cannot be exercised in any other manner. Notwithstanding the above, a Limited Stock Appreciation Right will only be exercised if the Change in Control event occurred six months after the date of the grant of the Limited Stock Appreciation Right and the stock option to which it relates has not previously been exercised.

The exercise of a Limited Stock Appreciation Right will cancel any related stock option and allow the holder to receive in cash an amount equal to the excess of the Fair Market Value on the date of exercise of one share of common stock over the option price, multiplied by the number of shares of common stock covered by the related stock option.

In the event of an exercise of a Limited Stock Appreciation Right, the number of shares reserved for issuance shall be reduced by the number of shares covered by the Stock Option Award.

SECTION TEN. PERFORMANCE SHARES

A. Grant of Performance Shares.

A Performance Share is the right to receive a payment from the Company with respect to such Performance Share subject to satisfaction of such terms and conditions as the Committee may determine. Performance Shares shall be credited to a Performance Share account to be maintained for each Participant. Each Performance Share shall be deemed to be equivalent of one share of common stock. The Award of Performance Shares under the Plan shall not entitle the participant to any interest in or to any dividend, voting, or other rights of a stockholder of the Company.

A grant of Performance Shares may be made by the Committee during the term of the Plan.

The Participant shall be entitled to receive payment for each Performance Share of an amount based on the achievement of performance measures for such Award Period as determined by the Committee. The Committee shall have the right to establish requirements or other criteria for measuring performance prior to the beginning of the Award Period but subject to such later revisions as the Committee shall deem appropriate to reflect significant or unforeseen events or changes.

B. Form and Timing of Payment.

Except in the event of a Change of Control, no payment in respect of Performance Shares shall be made prior to the end of an Award Period. Payment thereafter shall be made as soon as practicable.

The payment to which a Participant shall be entitled at the end of an Award Period shall be a dollar amount equal to the Fair Market Value of the number of shares of Common stock equal to the number of Performance Shares earned. Payment shall normally be made in common stock. The Committee, however, may authorize payment in such combinations of cash and common stock or all in cash as it deems appropriate.

The number of shares of common stock to be paid to a Participant will be determined by dividing the portion of the payment not paid in cash by (i) the Fair Market Value of the common stock on the date on which the shares are issued; or (ii) the price per share paid for shares purchased for a Participant's account should the Board determine to purchase common stock on behalf of the Participant. Stock received in settlement of Performance Shares may not be disposed of within six months of the date on which the Performance Shares were granted.

SECTION ELEVEN. CHANGE IN CONTROL

In the event of Change in Control (as defined below) of the Company, and except as the Committee may expressly provide otherwise, (i) all Stock Options then outstanding shall become fully exercisable unless Limited Stock Appreciation Rights were granted in connection with the Stock Options which in such event the Limited Stock Appreciation Rights will be automatically exercised as provided for in Section Nine herein; (ii) all restrictions (other than restrictions imposed by law) and conditions of all Restricted stock Grants then outstanding shall be deemed satisfied as of the date of the Change in Control; and (iii) all Performance Share Grants shall be deemed to have been fully earned as of the date of the Change in Control, subject to the limitation that any Award which has been outstanding less than six months on the date of the Change in Control shall not be afforded such treatment.

A "Change in Control" shall be deemed to have occurred if (i) any person other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company, and other than the Company or a corporation owned, directly or indirectly, by the Shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Company representing 20% or more of the Common stock of the Company then outstanding; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in (i) above) whose election by the Board or nomination for election by the Company's Shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

SECTION TWELVE. FORFEITURE

In the event a Participant ceases employment, restricted stock for which the restriction period has not expired and Performance Shares are subject to forfeiture as follows:

(i) Termination - the Award would be completely forfeited as of the date of termination.

(ii) Retirement - payout of the Award would be prorated for service during the period.

(iii) Disability - payout of the Award would be prorated for service during the period.

(iv) Death - payout of the Award would be prorated for service during the period.

In any instance where payout of an Award is to be prorated, the Committee may choose to provide the Participant (or the Participant's estate) with the entire Award rather than the prorated portion thereof.

Restricted stock which is forfeited will be transferred to the Company or canceled and made available again for the grant of an Award under the Plan.

SECTION THIRTEEN. DEFERRAL ELECTION

Upon the request of a Participant, the Committee may, in its sole discretion, permit a Participant to elect to defer payout of all or any part of any Award under the Plan under such conditions as the Committee may establish.

SECTION FOURTEEN. AMENDMENT OF PLAN

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, except (i) no such action may be taken without shareholder approval which increases the benefits accruing to Participants pursuant to the Plan, increases the number of shares of Common stock which may be issued pursuant to the Plan (except as provided in Section Fifteen I), extends the period for granting Options under the Plan, modifies the requirements as to eligibility for participation in the Plan, or requires shareholder approval under any law or regulation in effect at the time such amendment is proposed for adoption; (ii) no such action may be taken without the consent of the Participant to whom any Award shall theretofore have been granted, which adversely affects the rights of such Participant concerning such Award, except as such termination or amendment of the Plan is required by statute, or rules and regulations promulgated thereunder; and (iii) no such action may be taken if the proposed amendment must be in the discretion of the Committee to comply with the disinterested administration requirements of Rule 16b-3 under the Exchange Act.

SECTION FIFTEEN. MISCELLANEOUS PROVISIONS

A. Dividends.

The recipient of an Award may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, dividends or their equivalents, with respect to the number of shares of Common stock covered by the Award.

B. Nontransferability.

No benefit provided under this Plan shall be subject to alienation or assignment by a Participant (or by any person entitled to such benefit pursuant to the terms of this Plan), nor shall it be subject to attachment or other legal process of whatever nature. Any attempted alienation, assignment or attachment shall be void and of no effect whatsoever. Notwithstanding the above, Stock Options and Limited

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Stock Appreciation Rights may be transferred as provided in any Stock Option Agreement.

Payment shall be made only into the hands of the Participant entitled to receive the same or into the hands of the Participant's authorized legal representative. Deposit of any sum in any financial institution to the credit of any Participant (or of a person entitled to such sum pursuant to the terms of this Plan) shall constitute payment into the hands of that Participant (or such person).

C. No Employment Right.

Neither this Plan nor any action taken hereunder shall be construed as giving any right to be retained as an officer or employee of the Company or any of its Subsidiaries.

D. Tax Withholding.

The Company shall be authorized to withhold under the Plan the amount of withholding taxes due in respect of an Award or payment hereunder and to take such other actions as may be necessary in the opinion of the Company to satisfy all obligations for the payment of taxes. Such withholding may be deducted in cash from the value of any Award.

E. Fractional Shares.

Any fractional shares shall be eliminated at the time of payment or payout by rounding down for fractions of less than one-half and rounding up for fractions equal to or more than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

F. Government and Other Regulations.

The obligation of the Company to make payment of Awards in common stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by any government agencies as may be required. Except as required by law, the Company shall be under no obligation to register under the Securities Act of 1933, as amended ("Act"), any of the shares of common stock issued, delivered or paid in settlement under the Plan. If common stock awarded under the Plan may in certain circumstances be exempt from registration under the Act, the Company may restrict its transfer in such manner as it deems advisable to ensure such exempt status.

G. Indemnification.

Each person who is or at any time serves as a member of the Committee shall be indemnified and held harmless by the Company against and from (i) any loss, cost

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liability, or expenses that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which such person may be a party or in which such person may be involved by reason of any action or failure to act under the Plan; and (ii) any and all amounts paid by such person in satisfaction of judgment in any such action, suit or proceeding relating to the Plan. Each person covered by this indemnification shall give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Restated Articles of Consolidation or By-Laws of the Company or any of its Subsidiaries, as a matter of law, or otherwise, or any power that the Company may have to indemnify such person or hold su ch person harmless.

H. Reliance on Reports.

Each member of the Committee shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company and its Subsidiaries and upon any other information furnished in connection with the Plan. In no event shall any person who is or shall have been a member of the Committee be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action taken, including the furnishing of information, or failure to act, if in good faith.

I. Changes in Capital Structure.

In the event of any change in the outstanding shares of common stock by reason of any stock dividend or split, recapitalization, combination or exchange of shares or other similar changes in the common stock, then appropriate adjustments shall be made in Awards theretofore granted to the Participants and in the aggregate number of shares of common stock (or cash payment in lieu thereof) which may be granted pursuant to the Plan. Such adjustments shall be conclusive and binding for all purposes. Additional shares of common stock issued to a Participant as the result of any such change shall bear the same restrictions as the shares of common stock to which they relate.

J. Company Successors.

In the event the Company becomes party to a merger, consolidation, sale of substantially all of its assets or any other corporate reorganization in which the Company will not be the surviving corporation or in which the holders of the common stock will receive securities of another corporation, then such Company shall assume the rights and obligations of the Company under this Plan.

K. Governing Law.

All matters relating to the Plan or to Awards granted hereunder shall be governed by the laws of the State of Missouri, without regard to the principles of conflict of laws.

L. Relationship to Other Benefits.

No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing or group insurance plan of the Company or any Subsidiary, except as may be required by Federal law and regulation or to meet other applicable legal requirements.

M. Expenses.

The expenses of the Plan shall be borne by the Company and its Subsidiaries if appropriate.

N. Titles and Headings.

The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Exhibit 10.1.b

Great Plains Energy Incorporated
Annual Incentive Plan
Amended February 2003

This plan was previously adopted by Kansas City Power & Light Company (KCPL). The Plan was first amended October 1, 2001, to reflect a name change from Kansas City Power & Light Company to Great Plains Energy Incorporated (GPE). The Plan was further amended on February 4, 2003 by the GPE Board of Directors.

Objective

The Great Plains Energy Incorporated (the Company) executive Annual Incentive Plan is designed to reward sustained value creation by providing competitive incentives for the achievement of annual financial performance goals. By providing market-competitive target awards, the plan supports the attraction and retention of senior executive talent critical to achieving the Company's strategic business objectives.

Eligible participants include Executives and other Key Employees of the Company, as approved by the Compensation Committee (the Committee) of the Board of Directors.

Target Awards

Target award levels will be approved by the Committee and set as a percentage of executive's base salary. The percentage will vary based on organizational responsibilities and market-compilation bonus levels based on industry data. The current annual target award percentage of base salary is set forth on Appendix I attached hereto.

Performance Goals

Corporate performance under the plan will be measured by Earnings Per Shares (EPS). The awards paid under the plan will be based in part on the achievement of the annual GPE EPS goal approved by the Committee. In addition to the overall GPE goal, separate goals will be established for the business units. The proposed annual EPS goal for GPE and the relevant business units goals for the current annual incentive plan year are set forth in Appendix II attached hereto.

Individual incentive awards will reflect a mix of GPE and business unit performance (EPS and customer satisfaction) along with individual discretionary factors; the current actual mix for each executive will be determined based on his/her role and contribution to the organization in accordance with the chart set forth on Appendix III attached hereto.

Award Threshold and Maximum

The EPS goals will be subject to an established performance threshold and maximum. Fifty percent of the EPS incentive targets are payable at the threshold level of performance and 150% of the incentive at target is payable at the maximum level of performance. If performance falls below target but is above threshold, the amount of the award payable will be below the target award level. Similarly, performance above target will result in an award higher than target level. The amount of the award will be determined using the performance matrix provided in Appendix II. Discretionary awards will not be paid for corporate executives if the GPE EPS performance falls below the threshold level for the current year; discretionary awards will not be paid for KCPL executives if the KCPL EPS performance falls below the threshold level for the current year.

Exceptions

The EPS targets established for the plan period are fixed for the duration period and will only be changed upon the approval of the Committee and the Board. Changes will only be approved as a result of an acquisition, divestiture or other significant event that, in the judgment of the Committee, results in a change in the character of the Company. Each year, the Committee will approve the annual EPS targets.

APPENDIX I

Proposed Target Incentive Award Levels
(expressed as a percent of base salary)

Executive Tier	Annual Target Award Opportunity
Chairman and CEO (GPE)	60%
President and/or CEO (KCPL)	45%
Executive or Senior Vice President	40%
Vice President	30%
Other Officers	25%

APPENDIX II

Proposed EPS Targets for 2003

Following are the proposed targets for the period January 1, 2003 through December 31, 2003

2003 Goals
Earnings Per Share*

	GPE	Reported Earnings	KCPL	Reported Earnings
Threshold - 50%	$1.93	($1.90)	$1.51	($1.50)
Target - 100%	$2.01	($1.96)	$1.59	($1.57)
Max - 150%	$2.08	($2.01)	$1.65	($1.62)

*Excluding DTI from earnings

Customer Satisfaction Goal

Payout	**Performance Achievement**
Threshold - 50%	Maintain current Tier III performance for benchmark group
Target - 100%	Maintain Tier III performance for benchmark group and current Customer Satisfaction Index (100 +/-2)
Max - 150%	Achieve minimum of Tier II performance for benchmark group and exceed current Customer Satisfaction Index (100 +/-2)

APPENDIX III

Weighting of Performance Goals

	Corporate Financial	KCPL Business Unit	Customer Satisfaction	Discretionary
Corporate Executives	70%	0%	10%	20%
KCPL Executives	20%	40%	20%	20%

Exhibit 10.1.g

AGREEMENT

THIS AGREEMENT (the "Agreement"), made this 31st day of December 2002, between Great Plains Energy Incorporated, a corporation organized and existing under the laws of the State of Missouri, (the "Company") and Gregory J. Orman, an individual (the "Consultant").

RECITALS

WHEREAS, Consultant is currently employed by the Company, holding the positions of Executive Vice President of Great Plains Energy Incorporated, and President and Chief Executive Officer of KLT Inc., and providing the Company with general business advice, strategic planning expertise and management assistance to the Company's non-regulated businesses, including Strategic Energy L.L.C. ("SEL").

WHEREAS, the Company wishes to retain the services of Consultant after his resignation from the Company on the terms and conditions herein provided.

WHEREAS, Consultant is willing to act as a consultant for the Company and its subsidiaries on such terms and conditions.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties agree as follows:

1. Engagement of Consultant. During the term commencing January 1, 2003 and ending June 30, 2003, unless extended or terminated pursuant to Section 4 hereof (the "Consulting Term"), Consultant shall make himself available at mutually agreeable times to provide business advice and services to the officers, directors and other representatives of the Company and its subsidiaries as reasonably requested by the Chairman and Chief Executive Officer of the Company (hereinafter the "Executive"). Such services shall include, but not be limited to Consultant serving as an advisor to SEL's management committee and providing consulting services to SEL. It is expressly understood that Consultant is expected to devote time to performing his duties hereunder, but is not expected to keep regular hours or be present on a full-time basis. It is understood that Consultant will provide consultation regarding str ategic planning initiatives and other aspects of the Company's business that may require the Company and its subsidiaries to disclose to Consultant secret, proprietary and confidential information concerning the Company and its business affairs.

2. Compensation. For the consulting services provided pursuant to Section 1, the Company shall pay Consultant a monthly retainer of $8,460.00, payable on a monthly basis during the Consulting Term.

3. Reimbursement of Expenses. The Company shall reimburse Consultant for reasonable business expenses incurred in providing consulting services pursuant to this Agreement, upon presentation by the Consultant of documentation, expense statements and or such other supporting information as the Company may request; provided, however, that the amount available for such expenses may be fixed in advance by the Executive of the Company.

4. Use of Company Facilities. For the consulting services provided pursuant to paragraph 1, the Consultant shall have the use of an office, appropriate administrative support service and all necessary office supplies.

5. Extension of Agreement. This Agreement may be renewed for additional terms at the mutual election of Consultant and the Company. This agreement may also be terminated by either party with thirty (30) days notice for any reason whatsoever.

6. Independent Contractor. In rendering services as a consultant hereunder, Consultant shall be an independent contractor. As an independent contractor, the Company will issue an IRS Form 1099 for payments made pursuant to this Agreement, and Consultant will be responsible for paying all federal, state and local income and social security taxes arising out of any such payments. In addition, during the Consulting Term, Consultant will not accrue further service or compensation credit or benefits for any purpose under any of the Company's retirement, disability, medical, dental or other benefits or plans of the Company or any of its affiliated companies.

7. Confidential and Proprietary Information.

(a) The Consultant agrees to maintain the confidentiality of all Company trade secrets and proprietary information. Consultant also acknowledges that during the course of his employment with the Company, he has been entrusted with certain personnel, business, financial, technical and other information and material which are the property of the Company and its subsidiaries and which involve confidential information" of the Company and the Company's associates. Consultant agrees that he will not communicate or disclose to any third party (and acknowledge that he has not communicated or disclosed), or use (or have used) for his own account, without written consent of the Company, any of such confidential information or material, except in response to a lawfully issued subpoena, court order or other lawful request by any regulatory agency or government authority having supervisory authority over the business of the Company, u nless and until such information or material becomes generally available to the public through no fault of Consultant's.

(b) The Consultant agrees that if any confidential information is requested by subpoena or court, governmental or regulatory order, he will notify the Company as soon as practicable and if requested by the Company, he will undertake his best efforts to assist the Company in obtaining a confidentiality order from the court or governmental or regulatory agency requesting such information.

8. Non-Competition and Non-Solicitation.

(a) This Consultant agrees to continue to be bound by the non-competition and non-solicitation terms and conditions of Article IX of the Agreement and Plan of Merger by and among Environmental Lighting Concepts, Inc., a Minnesota corporation ("ELC"), Mark R. Schroeder ("Schroeder") and Gregory J. Orman ("Orman")(Schroeder and Orman collectively, the "ELC Stockholders"), Innovative Energy Consultants Inc., a Missouri corporation ("IEC") and Great Plains Energy Incorporated, a Missouri corporation ("GPE") dated November 7, 2002.

(b) The Consultant agrees to consult with the Executive in the event a situation arises in which his opinion, if expressed, or his actions, if taken, could possibly affect the interests or reputation of the Company.

9. Indemnification. The Consultant shall be indemnified to the extent set forth in the Indemnification Agreement dated May 1, 2000 by and between KLT Inc., a Missouri corporation, and Gregory J. Orman, a copy of which is attached hereto and incorporated herein.

10. Assignment. This Agreement is not assignable other than to a successor of the Company, except the Agreement shall not be assigned without the prior consent of the Consultant.

11. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, the remaining provisions or portions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by the law.

12. Waiver of Breach. A party's failure upon compliance or enforcement of any provision of this Agreement shall not affect the validity or enforceability or constitute a waiver of future enforcement of that provision or of any other provision of this Agreement by that party or any other party.

13. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Registered or Certified Mail to the last known residence in the case of Consultant, or to its principal office in the case of the Company or at such other address or addresses as either party may hereafter designate in writing to the other.

14. Amendment. This Agreement may be amended at any time by consent of the parties hereto by a written instrument.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties as it relates to the subject matter of this Agreement and supersedes all prior agreements and understandings wither written or oral relating to the subject matter of this Agreement.

16. Governing Law. This Agreement has been entered into in Kansas City, Missouri, and will be governed by and construed, interpreted and enforced in accordance with the laws of the State of Missouri.

17. Captions and Headings. The captions of the sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first mentioned above.

GREAT PLAINS ENERGY INCORPORATED

By: /s/Bernard J. Beaudoin

Bernard J. Beaudoin

/s/Gregory J. Orman

Gregory J. Orman

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made this 13th day of June, 2002, between Strategic Energy, L.L.C., a Delaware limited liability company (the "Company") having its principal offices located at Two Gateway Center, Pittsburgh, Pennsylvania 15222-1425, and Richard M. Zomnir (the "Employee"), an individual with a residential address at 422 Heights Drive, Gibsonia, PA 15044.

RECITALS

A. In February, 1999, the Employee and the Company entered into an Employment Agreement (the "Previous Employment Agreement").

B. The Company desires the Employee's continued employment with the Company and the Employee wishes to accept such continued employment, upon the terms and conditions of this Agreement.

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

1. Term of Employment. The initial term (the "Initial Term") of employment of the Employee by the Company under this Agreement shall commence on the date hereof (the "Effective Date") and, subject to the further provisions of this Agreement providing for, among other things, earlier termination of such employment, shall end on the fifth anniversary of the Effective Date; provided, however, this term of employment shall be automatically renewed for successive one (1) year periods (each a "Renewal Term") unless, at least one hundred eighty (180) days prior to the expiration of the Initial Term or any Renewal Term, either party gives written notice to the other party specifically electing to terminate this Agreement at the end of the Initial Term or any such Renewal Term, or the employment otherwise is terminated earlier in accordance with the provisions hereof. (The Initial Term and any Renewal Terms (both of which are subject to early te rmination in accordance with the provisions hereof) are collectively hereinafter referred to as the "Employment Period".)

2. Title; Capacity. During the Initial Term or any Renewal Term, the Employee shall have the title of President and Chief Executive Officer of the Company and shall perform such duties which are typical of the President and Chief Executive Officer of a business, and his duties and responsibilities, at all times, shall be consistent with and at a similar level to those previously performed by him for the Company prior to the Effective Date. Any addition to or deletion from the aforementioned scope of duties and responsibilities shall be conditioned upon the mutual agreement, in writing, of the Employee and the Management Committee of the Company, or any successor thereto, as the case may be (such committee, and any successor thereto, the "Management Committee").

The Employee hereby accepts such employment and agrees to undertake the duties and responsibilities inherent in such position as set forth above. The Employee agrees to devote his

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entire business time, attention and energies to the business and interests of the Company during the Employment Period. Notwithstanding anything herein to the contrary, the Employee will not be prevented from engaging in additional activities in connection with his personal investments and/or community affairs which are not inconsistent with the Employee's duties under this Agreement. The Employee agrees to abide by the rules, regulations, instructions, personnel practices and policies of the Company as in effect as of the date hereof, as well as any changes therein which may be adopted by mutual agreement of the Employee and the Management Committee from time to time.

3. Compensation and Benefits.

(a) Salary. The Company shall pay the Employee, in semi-monthly installments, an annual base salary of Two Hundred Eighty Thousand Dollars ($280,000), which annual base salary may be increased from time to time at the discretion of the Management Committee. The Employee shall be paid such salary in accordance with payroll practices in effect for all employees of the Company.

(b) Bonus. The Employee shall participate in the Company's Employee Bonus Plan, as the same may be established, maintained, amended or modified from time to time by the Management Committee, in accordance with the terms and conditions thereof. For calendar year 2002, the Employee shall participate in the Company's Employee Bonus Plan as a Grade 6 executive.

(c) Medical Insurance. The Company shall continue to offer to the Employee, at Company's expense, the same medical and dental insurance coverage, both in terms of type and levels of coverage, as well as co-payment percentage, if any, being provided to him by the Company immediately prior to the date hereof.

(d) Life Insurance. The Company shall continue to provide to the Employee, at Company's expense, any and all life insurance coverage (both in terms of type and levels of coverage) being maintained for the Employee and/or the Employee's beneficiaries by the Company immediately prior to the date hereof.

(e) Disability Insurance. The Company shall continue to provide to the Employee, at Company's expense, any disability insurance coverage (both in terms of type and levels of coverage) provided to him by the Company immediately prior to the date hereof.

(f) 401(k) Match. The Company shall continue to contribute, on behalf of the Employee, One Dollar ($1) for every Two Dollars ($2) contributed by the Employee to a qualified plan under Section 401(k) of the Internal Revenue Code of 1986, as amended.

(g) Automobile Lease. The Company shall continue to lease for the Employee such automobile, or an automobile of similar cost, subject to a reasonable increase for inflation, as is leased for the Employee by the Company immediately prior to the date hereof.

(h) Other Benefits. The Company shall continue to provide for the Employee such membership fees, dues, athletic season tickets and parking benefits, as are provided by the Company to the Employee immediately prior to the date hereof.

(i) Reimbursement of Expenses. The Company shall reimburse the Employee for all reasonable travel, entertainment and other expenses incurred or paid by the Employee in connection with, or related to, the performance of his duties, responsibilities or services under this Agreement, upon presentation by the Employee of documentation, expense statements, vouchers and/or such other supporting information as the Company may request; provided, however, that the amount available for such travel, entertainment and other expenses may be fixed in advance by the Management Committee.

(j) Vacation and Holidays. The Company shall provide the Employee with paid vacation in accordance with the vacation policies of the Company in effect for its executive officers from time to time. The Company shall also provide the Employee paid holidays and other paid leave as set forth in the Company's policies.

4. Termination by Company.

(a) Events of Termination. The employment of the Employee by the Company pursuant to this Agreement shall be terminable by the Company only upon the occurrence of any of the following:

(i) The expiration or termination of the Initial Term or any Renewal Term (as the case may be), provided that either of the parties hereto have given written notice to the other electing to terminate this Agreement in compliance with Section 1 hereof;

(ii) The death of the Employee;

(iii) At the election of the Company, upon the "disability" of the Employee (as such term is defined in Section 4(b) hereof);

(iv) At the election of the Company, "for cause" (as such term is defined in Section 4(c) hereof); and

(v) At the election of the Company, without cause and for any or no reason whatsoever.

(b) Definition of "Disability". For purposes of Section 4(a)(iii) of this Agreement, the term "disability" shall mean the inability of the Employee, due to a physical or mental disability, for a period of 120 consecutive days, or for 180 days in a calendar year period, to perform the services contemplated under this Agreement. The "disability" of the Employee will be determined by a medical doctor selected by written consent of the Company and the Employee upon the request of either party by notice to the other. If the Company and the Employee cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether

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the Employee has a "disability". The determination of the medical doctor selected under this Section 4(b) will be binding on both parties. The Employee must submit to a reasonable number of examinations, as necessary, by the medical doctor making the determination under this Section 4(b), and the Employee hereby authorizes the disclosure and release to the Company of such determination of all supporting medical records.

(c) Definition of "For Cause". For purposes of Section 4(a)(iv) of this Agreement, the term "for cause" shall mean any of the following:

(i) Misappropriation of any of the Company's funds or property by the Employee;

(ii) The conviction of Employee, or the entering of a plea of guilty or a plea of no contest by Employee, with respect to a felony or the equivalent thereof;

(iii) Material failure, neglect or refusal by the Employee to perform his duties and responsibilities under this Agreement after fifteen (15) days written notice from the Company to the Employee of the specific nature of the alleged failure, neglect or refusal and after the expiration, without cure by the Employee, of such fifteen (15) day cure period; provided, however, that if the Employee's default is of a nature that it cannot reasonably be cured within such fifteen (15) day period, the Employee will be permitted a longer cure period, in an amount of time reasonable under the circumstances, so long as he diligently prosecutes the cure to completion.

(iv) A material breach by the Employee of any of the other terms or conditions contained in this Agreement after fifteen (15) days written notice from the Company to the Employee of the specific nature of the claimed material breach and after the expiration, without cure by the Employee, of such fifteen (15) day cure period; provided however, that if the Employee's default is of a nature that it cannot reasonably be cured within such fifteen (15) day cure period, the Employee will be permitted a longer cure period, in an amount of time reasonable under the circumstances, so long as he diligently prosecutes the cure to completion.

The Company must provide written notice to the Employee setting forth with factual specificity the circumstances or actions of the Employee which justify the termination of the Employee "for cause".

(d) Effect of Termination. Effective upon the termination of the employment of the Employee by the Company pursuant to this Agreement in accordance with the provisions of Section 4 hereof, the Employee shall be entitled to compensation as provided in this Section 4(d).

(i) Termination for Cause. In the event that such employment is terminated "for cause" pursuant to Section 4(a)(iv) hereof, the Company shall pay to the Employee the compensation and benefits otherwise payable to him under Section 3 hereof through the date such termination is effective; provided, however, that the Employee shall not be

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entitled to any payment pursuant to Section 3(b) hereof with respect to the calendar year in which such termination is effective.

(ii) Termination for Death. If such employment is terminated pursuant to Section 4(a)(ii) hereof, by reason of the Employee's death, the Company shall pay to the estate of the Employee, (A) the compensation which would otherwise be payable to the Employee under Section 3(a) hereof through the end of the calendar month in which his death occurs and for three months thereafter, and (B) a Bonus Payment prorated through the end of the calendar month during which the Employee's death occurred. For purposes of this Agreement, the term "Bonus Payment" shall mean a payment determined based upon a One Hundred Twenty Thousand Dollar ($120,000) bonus payment payable with respect to the calendar year in which such payment is to be made, which bonus payment shall be prorated with respect to the applicable calendar year through a stated date.

(iii) Termination for "Disability". If such employment is terminated pursuant to Section 4(a)(iii) hereof, by reason of the Employee's "disability", the Company shall pay to the Employee, (A) the compensation which would otherwise be payable to the Employee under Section 3(a) hereof through the end of the calendar month in which the Employee is terminated due to such "disability" (pursuant to Section 4(b) hereof) and for three months thereafter, and (B) a Bonus Payment prorated through the end of the calendar month during which the termination of employment due to such "disability" occurs.

(iv) Termination Without Cause. In the event that such employment is terminated without cause pursuant to Section 4(a)(v) hereof (but not pursuant to Section 4(a)(i) hereof), the Company shall pay to the Employee the Severance Payments. For purposes of this Agreement, the term "Severance Payments" collectively shall mean (A) the compensation otherwise payable to the Employee under Section 3(a) hereof for a period of two (2) years commencing on the date such termination is effective at such times and in such amounts as set forth in Section 3(a) hereof, (B) an additional annual amount of One Hundred Twenty Thousand Dollars ($120,000), payable in semi-monthly installments for a period of two (2) years commencing on the date such termination is effective, at such times as the payments under clause (A) of this Section are made, and (C) a Bonus Payment prorated through the date such termina tion is effective.

(e) Benefits. The Employee's accrual of, or participation in plans providing for, the benefits provided in Sections 3(c) through 3(j) hereof (the "Benefits") will cease immediately upon the termination of the Employee's employment with the Company pursuant to Section 4 or 5 hereof or the expiration of the Initial Term or any Renewal Term, except as may required by law, and the Employee will be entitled to accrued Benefits pursuant to such plans, but only as provided in such plans. Additionally, in all cases, the Employee will be entitled to receive payment for all accrued but unused vacation as set forth in the Company's policies; provided, however, that to the extent the Company is obligated to pay the Employee the Severance Payments in connection with a termination of the employment of Employee pursuant to this Agreement, the Company shall, during the period in which the Severance Payments are payable,

(i) prov ide the Employee, at the Company's expense, the benefits provided in Sections 3(c) through 3(e) hereof (the "Insurance Benefits"), or (ii) from time to time pay the Employee

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an amount that enables the Employee to obtain, on an net, after-tax basis, insurance that affords the Employee substantially the same benefits as the Insurance Benefits, or (iii) provide the Employee, at the Company's expense, a portion of the Insurance Benefits and from time to time pay the Employee an amount that enables the Employee to obtain, on an net, after-tax basis, insurance that affords the Employee substantially the same benefits as the portion of the Insurance Benefits that otherwise are not provided by the Company to the Employee.

5. Termination by Employee.

(a) The employment of the Employee by the Company pursuant to this Agreement shall be terminable by the Employee upon the occurrence of any of the following:

(i) The expiration of the Initial Term or any Renewal Term (as the case may be), provided that either of the parties hereto have given written notice to the other electing to terminate this Agreement in compliance with Section 1 hereof;

(ii) The material breach by Company of any of the terms or conditions contained in this Agreement after fifteen (15) days written notice from the Employee to the Company of the specific nature of the claimed material breach and after the expiration, without cure by Company, of such fifteen (15) day cure period; provided, however, that if Company's breach is of a nature that it cannot reasonably be cured within such fifteen (15) day cure period, Company will be permitted a longer cure period, in an amount of time reasonable under the circumstances, so long as it diligently prosecutes the cure to completion; or

(iii) If a Change of Control occurs. For purposes of this Agreement, a "Change of Control" shall occur upon less than fifty and one-tenths percent (50.1%) of the Company's Interests then outstanding being owned, directly or indirectly, at any time by GPE or any of its affiliates, or any combination thereof; further provided, however, that a Change of Control shall not occur as a result of an initial public offering of the Company's Interests (an "IPO"). Upon the occurrence of an IPO, the provisions of this Section 5(a)(iii) automatically, and without any further act or deed, shall be of no further force or effect. For purposes of this Agreement, the term "Company's Interests" shall mean the voting interests of the Company (or any permitted successor or assignee of the Company, as the case may be), and "GPE" shall mean Great Plains Energy Incorporated and its successors, but not its assigns.

(b) Effect of Termination for Breach or Change of Control. In the event the Employee terminates the employment of the Employee by the Company pursuant to this Agreement pursuant to Section 5(a)(ii) or 5(a)(iii) above, the Company shall pay to the Employee the Severance Payments. The Employee shall be under no duty to mitigate damages in the event of termination of this Agreement by the Employee for breach by the Company or unlawful termination of the Employee's employment by Company.

6. Company Covenants. The Company agrees that it will not, during the Employment Period, without the Employee's consent, (a) assign (or constructively assign) the Employee to a position of lesser status or degree of responsibility than his position, duties or responsibilities immediately before the Effective Date; (b) relocate (or constructively relocate)

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its principal offices to any location outside of metropolitan Pittsburgh, Pennsylvania; and (c) require the Employee to relocate (or constructively relocate (e.g., by requiring the Employee to spend an extended period of time at an office location outside of metropolitan Pittsburgh)) anywhere to a location other than Company's principal offices.

7. Non-Compete, Proprietary Information and Developments

(a) Survival. The provisions of Section 7 hereof shall survive the termination or expiration of this Agreement for a period ending twenty-four (24) months after the date of such expiration or termination.

(b) Non-Compete.

(i) During the Employment Period and, in the event the Employee's employment by the Company is terminated pursuant to Section 4(a)(v), 5(a)(ii) or 5(a)(iii) hereof, for a period ending two (2) years after the date such termination is effective, the Employee will not, directly or indirectly, in the territory comprised of the continental United States and any and all other jurisdictions in which the Company has conducted, conducts or, as of the date of termination or expiration of the Employment Period, intends to conduct, the Business (as defined in Section 7(b)(i)(A) hereof):

(A) own, have any interest in, or act as an individual proprietor, partner, stockholder, officer, employee, director, joint venturer, investor, lender, or in any other capacity whatsoever (other than as the holder of not more than five percent (5%) of the total outstanding stock of a publicly held company), or, or in any way assist in, any business engaged or proposed to be engaged in the business of developing, producing, marketing or selling products or services of the kind or type developed or being developed, produced, marketed or sold by the Company or any Subsidiary (as defined in Section 7(b)(iv) hereof) (the "Business"); or

(B) recruit, solicit, induce, or attempt to recruit, solicit or induce, any employee or employees of the Company or any Subsidiary to terminate their employment with, or otherwise cease their relationship with, the Company or any Subsidiary; or

(C) solicit, divert, take away, or attempt to solicit, divert or to take away, the business or patronage of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company or any Subsidiary.

(ii) If any restriction set forth in this Section 7(b) is determined in accordance with Section 14 hereof to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(iii) The restrictions contained in this Section 7(b) are necessary for the protection of the business and goodwill of the Company and are considered by the Employee to

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be reasonable for such purpose. The Employee agrees that any breach of this Section will cause the Company substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Company shall have the right to seek specific performance and injunctive relief. The prevailing party in any proceeding to remedy a breach under this Section 7(b) shall be entitled to receive its reasonable attorney's fees, expert witness fees, and out-of-pocket costs incurred in connection with such proceeding, in addition to any other relief it may be granted.

(iv) For purposes of this Agreement, (A) the term "Subsidiary" shall mean any Entity in which the Company, directly or indirectly, owns or controls fifty percent (50%) or more of the outstanding voting interests therein, and (B) the term "Entity" shall mean any corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization whatsoever.

(c) Proprietary Information

(i) The Employee agrees that all information and know-how, whether or not in writing, of a private, secret or confidential nature concerning the Business or the financial affairs of the Company or any Subsidiary (collectively, "Proprietary Information") is and shall be the exclusive property of the Company or the Subsidiary, if any and as the case may be. By way of illustration, but not limitation, Proprietary Information may include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, plans, research data, clinical data, financial data, personnel data, computer programs, and customer and supplier lists. The Employee will not disclose any Proprietary Information to others outside the Company and the Subsidiaries, if any, (other than as necessary for the performance of the Employee's duties hereunder) or use the same for a ny unauthorized purposes without written approval by an officer of the Company, either during or after his employment, unless and until such Proprietary Information has become public knowledge without fault by the Employee.

(ii) The Employee agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, or other tangible material containing Proprietary Information, whether created by the Employee or others, which shall come into his custody or possession, shall be and are the exclusive property of the Company or the Subsidiary, if any and as the case may be, to be used by the Employee only in the performance of his duties for the Company.

(iii) The Employee agrees that his obligation not to disclose or use Proprietary Information also extends to such types of information, know-how, records and tangible property of customers of the Company or any Subsidiary, suppliers to the Company or any Subsidiary, or other third parties, who may have disclosed or entrusted the same to the Company, to any Subsidiary or to the Employee in the course of the respective business of the Company or any Subsidiary.

(d) Developments.

(i) The Employee will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which are created, made, conceived or reduced to practice by the Employee or under his direction or jointly with others during his employment by the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Developments").

(ii) The Employee agrees to assign and does hereby assign to the Company all his right, title and interest in and to all Developments and all related patents, patent applications, copyrights and copyright applications. However, this Section 7(d) shall not apply to Developments which do not relate to the present or planned business or research and development of the Company or any Subsidiary and which are made and conceived by the Employee not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or Proprietary Information.

(iii) The Employee agrees to cooperate fully with the Company, both during and after his employment with the Company (but at Company's sole cost and expense), with respect to the procurement, maintenance and enforcement, of copyrights and patents (both in the United States and foreign countries) relating to Developments. The Employee shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignment of proprietary rights, and powers of attorney, which are necessary or appropriate in order to protect the Company's rights and interests in any Development.

(e) Other Agreements. The Employee hereby represents that he is not bound by the terms of any agreement with any previous employer or other party (other than prior agreements with the Company) to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of his employment with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party. The Employee further represents that his performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by him in confidence or in trust prior to his employment with the Company.

8. Indemnity. Company agrees to indemnify, defend and hold the Employee harmless from and against any and all claims, liabilities, damages, and other losses, costs or expenses, arising from or in connection with the performance of his duties by the Employee or the Employee's status as an officer and employee of Company, during the Employment Period to the maximum extent permitted by law.

9. Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed effective (a) upon personal delivery or (b) on the third business day after deposit in the United States Post Office, by registered or certified mail, postage prepaid,

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addressed to the other party at the address shown above, or at such other address or addresses as either party shall designate to the other in accordance with this Section 9.

10. Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral relating to the subject matter of this Agreement, including, without limitation, the Previous Employment Agreement.

12. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Employee.

13. Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Pennsylvania.

14. Disputes; Venue.

(a) All claims, disputes, questions and controversies arising out of or related to this Agreement, including the interpretation of any provision of this Agreement, or the Company's employment of the Employee (collectively, the "Claims"), which cannot be resolved informally, shall be settled exclusively by arbitration in accordance with the employment dispute resolution arbitration procedures of the American Arbitration Association then in effect, except as such procedures may be modified by this Agreement or by mutual consent of the parties to the arbitration proceedings. The award rendered with respect to the arbitration proceedings shall be final and binding upon the parties to the arbitration proceedings. Judgment thereon may be entered in any court having jurisdiction. Each party shall bear its own expenses in connection with the preparation for the presentation of its case at the arbitration proceedings. The fees an d expenses of the arbitrator(s) and all other expenses of the arbitration (except those referred to in the sentence immediately preceding) shall be borne equally by the parties to such arbitration.

(b) Any arbitration proceedings under Section 14(a) hereof shall take place in the greater Pittsburgh, Pennsylvania metropolitan areas, or such other location as the parties may agree upon and shall be governed by the laws of the State of Pennsylvania. The arbitrator shall be selected from a list of five (5) arbitrators provided by the American Arbitration Association. Alternate strikes shall be made to the list commencing with the party requesting arbitration until a single name remains. That individual shall be the arbitrator for the matter. After the arbitrator has been selected, the parties may obtain reasonable discovery in aid of the arbitration by way of: (i) exchange of copies of all documents in the possession, custody or control of a party and relevant to the matter in dispute;

(ii) written interrogatories for the purpose of determining the name and address of each witness proposed to be called by a party and a brief description of the relevant information each such witness is expected to provide; and (iii) such further discovery, including depositions, as the arbitrator may determine is appropriate after taking into consideration the nature of the dispute and the amount in controversy. Post-hearing briefs shall

be permitted. The arbitration award shall be in writing and shall specify the factual and legal basis for the award.

(c) As used herein, the term "Claims" shall include, without limitation, (i) claims for breach of contract, (ii) tort claims arising out of the employment relationship, (iii) claims for discrimination under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act and the Pennsylvania Human Rights Act (including but not limited to discrimination on the basis of race, sex, religion, national origin, age or disability), and (iv) claims for violation of any other federal, state or other governmental law, statute, regulation or ordinance designed to protect employees.

(d) All actions or proceedings with respect to enforcing the provisions of Section 14 hereof, including without limitation the entry of judgment on any arbitration award, shall be instituted only in any state or federal court sitting in Allegheny County, Pennsylvania, and by execution and delivery of this Agreement, the parties irrevocably and unconditionally subject to the jurisdiction (both subject matter and personal) of each such court and irrevocably and unconditionally waive: (i) any objection that the parties might now or hereafter have to the venue of any of such court; and (ii) any claim that any action or proceeding brought in any such court has been brought in an inconvenient forum.

15. Successors and Assigns; No Assignment without Consent.

(a) This Agreement shall be binding upon and inure to the benefit of both parties and their respective heirs, executors, successors and assigns. However, neither party may assign or otherwise transfer this Agreement, or any of the their respective rights, duties, obligations or liabilities hereunder, whether voluntarily, involuntarily or by operation of law, without the prior written consent by the other party. Any such purported assignment or transfer shall be null and void, and shall be a material breach of this Agreement.

(b) Notwithstanding the provisions of Section 15(a), however, the Company may assign or otherwise transfer this Agreement, and all of its rights, duties, obligations and liabilities hereunder, whether voluntarily, involuntarily or by operation of law, without the consent of the Employee, to any Entity that acquires or otherwise succeeds to all or substantially all of the business and assets of the Company.

16. Waiver. No delay or omission by either party in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by a party on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

17. Captions and Headings. The captions of the Sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any Section of this Agreement.

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18. Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

19. Counterparts. This Agreement may be executed in a number of counterparts and all of such counterparts executed by the Company or the Employee, shall constitute one and the same agreement, and it shall not be necessary for all parties to execute the same counterpart hereof.

20. Facsimile Signatures. The parties hereby agree that, for purposes of the execution of this Agreement, facsimile signatures shall constitute original signatures.

21. Incorporation by Reference. The preamble and recitals to this Agreement are hereby incorporated by reference and made a part hereof.

22. Guarantee by CE. The Employee acknowledges and agrees that the Guaranty provided by Custom Energy, L.L.C. (now known as Custom Energy Holdings, L.L.C.) (the "Guarantor") pursuant to the Previous Employment Agreement shall not be applicable to this Agreement and has no further force and effect, and that the Guarantor is a third party beneficiary of this Section 22.

23. Guarantee by KLTES. The payment of the Severance Payments that arise as a result of the Employee terminating the employment of the Employee by the Company pursuant to this Agreement pursuant to Section 5(a)(iii) above shall be guaranteed by KLT Energy Services Inc. ("KLTES"), to the extent provided in the Guaranty attached hereto as Exhibit A (the "Guaranty").

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

STRATEGIC ENERGY, L.L.C.

By: /s/ Gregory J. Orman
Name: Gregory J. Orman
Title: Managemnet Committee Representative

/s/ Richard M. Zomnir
RICHARD M. ZOMNIR

EXHIBIT A

KLTES GUARANTEE

Exhibit 10.1.z

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Agreement") is made and entered into as of December 23, 2002 by and between Digital Teleport, Inc. ("DTI"), the Official Unsecured Creditors Committee of Digital Teleport, Inc. (the "Committee"), KLT Inc. ("KLTI"), KLT Telecom Inc. ("KLTT") (KLTI and KLTT are hereinafter collectively referred to as "KLT"), Kansas City Power & Light Company ("KCPL"), and Great Plains Energy Incorporated ("GPE") with reference to the following recitals:

WHEREAS, on December 31, 2001 (the "Petition Date"), in the Eastern District of Missouri, St. Louis division, chapter 11 bankruptcy cases were commenced pursuant to the United States Bankruptcy Code, 11 U.S.C. (section symbol) 101 et. seq (the "Code") by: (a) DTI, assigned Case No. 01-54369-399 (the "Case"); (b) DTI's parent corporation, DTI Holdings, Inc. ("Holdings") assigned Case No. 01-54370-399 (the "Holdings Case"); and (c) DTI's affiliate Digital Teleport of Virginia, Inc. ("Virginia") assigned Case No. 01-54371-399 (the "Virginia Case"); and

WHEREAS, in the Case, the Committee was appointed by the office of the United States Trustee pursuant to 11 U.S.C. (section symbol) 1102; and

WHEREAS, during the course of the Case, the Committee and DTI investigated the acts of KLT, KCPL and GPE that occurred prior to the date hereof (the "Investigation"); and

WHEREAS, as a result of the Investigation, at a meeting held on December 5, 2002, and in certain other phone conversations on other dates, the Committee and DTI informed KLT, KCPL and GPE of certain alleged claims and causes of action they believed they could assert against, and/or otherwise had considered with respect to, KLT, KCPL and GPE in the Case (the "Causes"), which Causes KLT, KCPL and GPE contend are without merit; and

WHEREAS, in the Case, DTI has sought a buyer for substantially all of its assets to consummate a sale pursuant to 11 U.S.C. (section symbol) 363 (the "Sale") and also explored the possibility of a stand-alone reorganization; and

WHEREAS, as a result of DTI's efforts, CenturyTel Fiber Company II, LLC ("Century") has been identified as a potential buyer of DTI's assets (the "Assets") in the Sale; and

WHEREAS, a final execution version of the asset purchase agreement between Century and DTI dated December __, 2002 has been circulated (the "Asset Sale Agreement"); and

WHEREAS, in the Asset Sale Agreement, $3.8 million of the purchase price is to be escrowed subject to certain conditions (the "Escrow");

WHEREAS, it is anticipated that the Sale will be approved by the court presiding over the Case by entry of an order pursuant to 11 U.S.C. (section symbol) 363 (the "Sale Order");

WHEREAS, it is anticipated that upon closing of the Sale to Century or to a higher bidder in the Sale process and the full release of the Escrow to DTI, proceeds from the Sale plus DTI's cash on hand will total approximately $47 million (the "Anticipated Proceeds"); and

WHEREAS, in the Case, KLTT filed a proof of claim asserting a security interest in virtually all of DTI's assets to secure repayment of over $50 million of indebtedness (the "KLTT Claim"); and

WHEREAS, as part of the Investigation, the Committee and DTI assert that all or a portion of KLTT's security interest securing the KLTT Claim can be avoided pursuant to 11 U.S.C. (section symbol) 547, which assertion KLTT disputes; and

WHEREAS, in the Case, Gary Douglass ("Douglass") filed an unsecured proof of claim in the amount of $2,055,900.00 (the "Douglass Claim"); and

WHEREAS, in the Case, the Missouri Department of Revenue ("MODOR") filed a number of proofs of claim, including three priority proofs of claim in the aggregate amount of $2,848,445.68 (the three priority proofs of claim are hereinafter referred to as the "MODOR Claim"); and

WHEREAS, in the Case, DTI filed objections to the Douglass Claim and the MODOR Claim, and asserts that each claim should be disallowed in full and neither Douglass nor MODOR should have an allowed claim in the Case; and

WHEREAS, as a consequence of a settlement reached with Union Electric Co., d/b/a Ameren UE ("Ameren") and a court order that was entered in the Case approving the settlement (the "Ameren Settlement"), Ameren has an allowed unsecured claim in the Case in the amount of $8 million (the "Ameren Claim"); and

WHEREAS, DTI and Ameren have entered into an amendment to the Ameren Settlement pursuant to which Ameren has agreed to reduce its unsecured claim in the Case to $1 million in exchange for certain concessions to be provided to Ameren by DTI and Century (the "Amended Ameren Settlement"), a copy of which is attached hereto and marked Exhibit A; and

WHEREAS, in the Case, excluding the Douglass Claim, the MODOR Claim, the Ameren Claim, and the KLTT Claim, it is estimated that the total amount of allowed, non-priority unsecured claims against DTI is in the approximate amount of $10.3 million (the "Trade Claims"); and

WHEREAS, if KLT, KCPL and GPE are successful in their defense of the Causes, it is anticipated that the entirety of the Anticipated Proceeds would be distributed solely to KLTT; and

WHEREAS, if DTI and the Committee are successful in prosecuting the Causes against KLT, GPE and KCPL, it is anticipated that Trade Claims would be paid 100% of their claims from the Anticipated Proceeds plus interest thereon; and

WHEREAS, the parties to this Agreement believe that prosecution and defense of the Causes will be expensive, will take substantial periods of time, will likely delay distributions to creditors, and are subject to litigation risks for all parties hereto.

NOW, THEREFORE, in consideration of the premises, the covenants and the agreements hereinafter set forth, and intending to be legally bound (subject only to court approval as set forth hereafter), the parties hereto agree as follows:

AGREEMENT

1. **Court Approval**. In conjunction with execution of this Agreement, DTI and the Committee will file a joint motion seeking approval of the compromises set forth herein pursuant to Fed. R. Bankr. P. 9019 (the "Motion") and seeking entry of an order by the court presiding over the Case (the "Court") approving the compromises and agreements set forth herein (the "Settlement Order"). The Motion and the Settlement Order shall be in a form mutually satisfactory to DTI, the Committee, and KLT. Also, the Committee shall not object to any motion seeking approval of the compromises set forth in the Amended Ameren Settlement and seeking entry of an order by the Court approving the compromises and agreements set forth in the Amended Ameren Settlement. In the event

such an Amended Ameren Settlement is entered and approved by the Court, then the term "Amended Ameren Claim" shall mean any allowed unsecured claim in the Case as provided in the A mended Ameren Settlement.

2. **Division of Anticipated Proceeds.** The Anticipated Proceeds shall be divided as follows:

(a) To the extent that the Douglass Claim and the MODOR Claim are resolved in the Case and disallowed in full, from the Anticipated Proceeds, the Trade Claims and any Amended Ameren Claim shall be paid, pro rata, the sum equal to 90% of the aggregate amount of the Trade Claims and the Amended Ameren Claim, if any, with the balance of the Anticipated Proceeds paid to KLTT.

(b) To the extent that DTI's objections to the Douglass Claim and the MODOR Claim are resolved in the Case and either or both claims are not disallowed in full, from the Anticipated Proceeds, the aggregate of the Trade Claims, any Amended Ameren Claim, any allowed Douglass Claim, and any allowed unsecured, non-priority portion of the MODOR Claim shall be paid, pro rata, the sum equal to: (i) 90% of the aggregate amount of the Trade Claims and the Amended Ameren Claim, if any; plus (ii) 50% of the aggregate amount of any allowed Douglass Claim; plus (iii) 50% of the aggregate amount of any allowed unsecured, non-priority portion of the MODOR Claim; minus (iv) 50% of any allowed priority amount of the MODOR Claim; with the balance of the Anticipated Proceeds paid to KLTT.

(c) Notwithstanding the provisions of subparagraphs (a) and (b) hereof, sufficient Anticipated Proceeds shall be paid to unsecured creditors to cause the Trade Claims and any Amended Ameren Claim to be paid, pro rata, the sum equal to 82.5% of the aggregate amount of the Trade Claims and the Amended Ameren Claim, if any, with the balance of the Anticipated Proceeds paid to KLTT.

(d) The Sale Order shall provide the authority to make, at the closing of the Sale, the payments set forth in this paragraph.

3. **Failure of Sale to Close**. Within sixty (60) days after the failure of the Sale to close, KLT, at KLT's option, may cause the payments set forth in paragraph 2 hereof to be made to unsecured creditors in any fashion and pursuant to any structure that KLT deems appropriate in its sole and absolute discretion; provided, however, that any such payments shall be made without condition and any such structure shall not give rise to any liability to any recipient of any such payment.

4. **Full and Final Satisfaction.** The payments to be made pursuant to the alternative mechanisms set forth in either paragraphs 2 or 3 of this Agreement to the Trade Claims, and on account of any Douglass Claim and any MODOR Claim, shall be in full and final satisfaction of all such claims that such creditors have or could assert in the Case.

5. **Deconsolidation.** The Committee shall not object to any motion filed by KLT and its affiliates seeking Court approval in the Holdings Case, the DTI Case, and/or the Virginia Case to: (a) cause Holdings and its subsidiaries to no longer be part of the consolidated tax group in which KLT and their affiliates are members and GPE is the parent corporation and taxpayer, and/or (b) take a worthless stock or asset deduction with respect to KLT's investment in Holdings and its subsidiaries.

6. **Release.**

(a) **For KLT.** Upon completion of the payments set forth in paragraphs 2 or 3 of this Agreement, DTI, the Committee, each member of the Committee (other than Oaktree Capital Management, LLC), the bankruptcy estate of DTI, their respective successors, predecessors, assigns, any chapter 7 or 11 trustees in the Case, and any parties claiming by, through or on behalf of any of them (collectively the "Releasors"), shall be deemed to have released, acquitted and forever discharged KLT, GPE, KCPL, and any and all corporations or other entities currently or previously a member of a consolidated tax group in which KLT were or are a member and GPE or KCPL is or was the parent corporation and taxpayer, and their respective predecessors, successors, employees, officers, directors, subsidiaries, affiliates, shareholders, partners, and assigns (collectively, the "KLT Releasees") from any and all causes of action, suits, controversies, claims, demands, obligations, or damages whatsoever, which the Releasors had, have, or could have had, against any of the KLT Releasees from the beginning of time to the date of this Agreement, in any way regarding, relating to or in connection with DTI based upon any theory at law or in equity, including but not limited to any theory based in whole or in part upon breach of contract, estoppel, avoidance under 11 U.S.C. (section symbol) 542-553, any provision of the Code, fraudulent transfer pursuant to any applicable non bankruptcy law, equitable subordination, third party beneficiary, tort, and fraud. In addition, acceptance of the payments described in paragraphs 2 or 3 hereof by any creditor in the Case shall constitute an accord and satisfaction of any and all claims that such creditor has, had, or may have against DTI and the KLT Releasees.

(b) **For the Committee.** Upon completion of the payments set forth in paragraphs 2 or 3 of this Agreement, the KLT Releasees shall be deemed to have released, acquitted and forever discharged the Committee, each member of the Committee (other than Oaktree Capital Management, LLC), the bankruptcy estate of DTI, any chapter 7 or 11 trustees in the Case, and their respective predecessors, successors, employees, officers, directors, subsidiaries, affiliates, shareholders, partners, and assigns (collectively, the "Committee Releasees") and DTI and its successors, predecessors and assigns (collectively, the "DTI Releasees") from any and all causes of action, suits, controversies, claims, demands, obligations, or damages whatsoever, which the KLT Releasees had, have, or could have had, against any of the Committee Releasees or any of the DTI Releasees from the beginning of time to the date of this Agreement, in any way regarding, relating to or in connection with DTI based upon any theory at law or in equity, including but not limited to any theory based in whole or in part upon breach of contract, estoppel, avoidance under 11 U.S.C. (section symbol) 542-553, any provision of the Code, fraudulent transfer pursuant to any applicable non bankruptcy law, equitable subordination, third party beneficiary, tort, and fraud.

7. **Assignment of Claims and Rights.** Any and all claims of DTI, the DTI bankruptcy estate and the Committee (that it, as a party in interest, could bring for or on behalf of the Debtor) against Richard Weinstein, any officer or director of DTI, or any other person or entity, are hereby assigned to KLTT.

8. **Conditions Precedent**. The obligations of KLT under this Agreement shall be subject to the satisfaction of the following conditions, which may be waived by KLT in their sole and absolute discretion:

(a) the closing of the Sale pursuant to terms materially the same as contained in the Asset Sale Agreement; and

(b) the Trade Claims plus any Amended Ameren Claim shall not exceed $12 million.

9. **Mutual Cooperation.** DTI, the Committee, KLT, GPE, and KCPL agree to cooperate fully and use their best efforts to carry out the terms of this Agreement, including obtaining approval of this Agreement, and entry of the Settlement Order by the Court at the first available time on the Court's docket after any notice periods required by Fed. R. Bankr. P. 2002. This cooperation shall include, but not be limited to, prosecution of DTI's pending objections to the claims of MODOR and Douglass.

10. **Successor and Assigns**. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

11. **Notices**. Unless otherwise provided herein, any notice, request, waiver, instruction, consent or document or other communication required or permitted to be given by this Agreement shall be effective only if it is in writing and (a) delivered by hand or sent by certified mail, return receipt requested, (b) if sent by a nationally-recognized overnight delivery service with delivery confirmed, or (c) if telexed or telecopied, with receipt confirmed as follows:

DTI: Digital Teleport, Inc.

14567 N. Outer Forty Road, Suite 500
Chesterfield, Missouri 63017
Attn: President
Facsimile: (314) 880-1999

with a copy to: Digital Teleport, Inc.
14567 N. Outer Forty Road, Suite 500
Chesterfield, Missouri 63017
Attn: General Counsel
Facsimile: (314) 880-1999

and a copy to: Robert Richards, Esq.
Sonnenschein Nath & Rosenthal
Suite 8000 Sears Tower
233 South Wacker Drive
Chicago, IL 60606
Facsimile: (312) 876-7934

KLT: KLT Telecom Inc.
10740 Nall, Suite 230
Overland Park, KS 66211
Attn: President
Facsimile: (913) 967-4340

with a copy to: KLT Inc.
10740 Nall, Suite 230
Overland Park, Kansas 66211
Attn: General Counsel
Facsimile: (913) 967-4340

and a copy to: Mark Shaiken, Esq.
Stinson Morrison Hecker LLP
1201 Walnut, Suite 2800
Kansas City, Missouri 64106
Facsimile: (816) 691-3495

Committee: Shalom L. Kohn
Sidley Austin Brown & Wood
Bank One Plaza
10 S. Dearborn St.
Chicago, Illinois 60603
Facsimile: (312) 853-7036

KCPL: Kansas City Power & Light Company
1201 Walnut, 20th Floor
Kansas City, Missouri 64106-2124
Attention: General Counsel
Facsimile: (816) 556-2787

GPE: Great Plains Energy Incorporated
1201 Walnut, 20th Floor
Kansas City, Missouri 64106-2124
Attention: General Counsel
Facsimile: (816) 556-2787

The parties shall promptly notify each other of any change in their respective addresses or facsimile numbers or of the person or office to receive notices, requests or other communications under this Agreement. Notice shall be deemed to have been given as of the date when so personally delivered, the next day when delivered during business hours to an overnight delivery service properly addressed or when receipt of a facsimile is confirmed, as the case may be, unless the sending party has actual knowledge that such notice was not received by the intended recipient.

12. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri, without giving effect to choice of law principles of said state.

13. **Multiple Counterparts / Facsimile Execution**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument. This Agreement may be executed by facsimile signatures which shall be deemed the same force and effect as an original signature.

14. **Headings**. The headings used in this Agreement are for convenience of reference only and shall in no way define, limit or describe the scope or intent of any provision of this Agreement.

15. **Advice of Counsel**. The parties hereto have reviewed and agreed to these terms after consultation with, and upon advice of, counsel.

16. **Severability**. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

17. **Final Expression**. This Agreement represents a final expression of the understandings between the parties hereto and this Agreement may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement or understanding between the parties hereto.

18. **No Amendments**. No amendments to this Agreement shall be effective unless such amendment is in writing and signed by all parties hereto.

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19. **WAIVER OF JURY TRIAL**. THE PARTIES HERETO HEREBY EXPRESSLY UNCONDITIONALLY AND IRREVOCABLY WAIVE THE RIGHT TO A TRIAL BY JURY FOR ANY PROCEEDINGS ARISING OUT OF, UNDER OR IN CONNECTION WITH THE TERMS AND SUBJECT MATTER OF THIS AGREEMENT.

20. **Retention of Jurisdiction.** The court presiding over the Case shall retain jurisdiction to resolve any disputes arising under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

DIGITAL TELEPORT, INC.	**KLT TELECOM INC**.	**KLT INC.**
BY: /s/ Paul Pierron TITLE: CEO/President	BY: /s/ John J. Grossi TITLE: CFO & Treasurer	BY: /s/ John J. Grossi TITLE: CFO & Treasurer
THE OFFICIAL UNSECURED CREDITORS COMMITTEE OF DIGITAL TELEPORT, INC.	**GREAT PLAINS ENERGY INCORPORATED**	**KANSAS CITY POWER & LIGHT COMPANY**
BY: /s/ Shalom L. Kohn TITLE: Attorney	BY: /s/ B.J. Beaudoin TITLE: President & CEO	BY: /s/ B.J. Beaudoin TITLE: CEO

Exhibit 10.1.aa

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is entered into as of December 26, 2002 ("Execution Date"), by and between Digital Teleport, Inc. ("Seller"), CenturyTel Fiber Company II, LLC, a Missouri limited liability company ("Subsidiary"), and CenturyTel, Inc. ("Parent") (Subsidiary and Parent are collectively referred to herein as "Buyer").

Recitals

WHEREAS, Seller desires to sell and Buyer desires to buy substantially all of the assets of Seller as hereinafter described; and

WHEREAS**,** Seller is a debtor-in-possession in a case under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court") as Case No. 01-54369-399 (the "Bankruptcy Case"); and

WHEREAS, Seller has been soliciting bids for Seller's assets, including the Assets to be sold pursuant to this Agreement and has determined that the offer of Buyer for the Assets set forth below is the highest and best offer received for those Assets and constitutes a fair and adequate purchase price;

WHEREAS, Parent desires to assure Seller of Buyer's ability to finance the transaction and to otherwise perform its obligations hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all parties, the parties have agreed as follows:

Terms and Conditions

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the following terms shall have the following respective meanings:

1.1 "Adjustment PP&E" shall mean the increase in the gross book value of all property plant and equipment on Seller's financial statements prepared in accordance with GAAP which increase occurred as a result of capital expenditures made by Seller between the Measurement Date and the Closing Date that were approved by Buyer to the extent required by the provisions of Section 5.3 hereof, and which capital expenditures fund either:

(i) the addition of bandwidth capacity to the Network for any purpose (other than capital expenditures for Cure Costs) (for example, "Overbuilds" described on Seller's capital expenditure budget), or

(ii) the construction of new fiber routes constructed to fulfill the obligations of Seller under any agreement for the sale of bandwidth transport and related services to a third party in the Seller's ordinary course of business (other than capital expenditures for Cure Costs) (for example, "Customer Connections" described in Seller's capital expenditure budget).

Adjustment PP&E shall not include any increase in the book value of all Property Plant and Equipment on Seller's financial statements prepared in accordance with GAAP which increase occurred as a result of capital expenditures made by Seller between the Measurement Date and the Closing Date, and which capital expenditures fund either:

(i) the ordinary course operations and maintenance of the Network or the Assets (for example, "Backbone", "Operations" and "Miscellaneous" items described in Seller's capital expenditure budget); or

(ii) Cure Costs to be paid by Seller (for example, "Customer Obligations" items described in Seller's Capital Expenditure budget).

1.2 "AGL Transaction" shall mean the sale or grant of IRU by Seller to AGL Networks, LLC ("AGL") of twelve (12) dark fibers along approximately 65 route miles of Seller's fiber optic network in St. Louis and Kansas City in exchange for the payment to Seller of approximately $4.8 million of IRU fees and periodic fiber maintenance payments pursuant to that certain agreement between Seller and AGL.

1.3 "Agreement" has the meaning set forth in the opening paragraph of this document.

1.4 "Applicable Law" shall mean any statute, law, rule, regulation or ordinance or any judgment, order, writ, injunction or decree of any Governmental Entity to which a specified Person or property is subject.

1.5 "Assets" shall mean, collectively, all of the assets of the Seller, including, without limitation: (i) the Network, (ii) the Intellectual Property, (iii) the Current Assets, (iv) the Personal Property, and (v) the Contracts & Leases but excluding the Excluded Assets.

1.6 "Assumed Liabilities" shall mean all obligations of Seller (i) arising post-Closing under the Contracts & Leases, (ii) Payables, (iii) accrued vacation and sick days for employees of the Seller who the Buyer may retain pursuant to Section 5.6, (iv) any Taxes required to transfer legal title of the Assets to Buyer, and (v) total Cure Costs, whether incurred prior to Closing or after Closing, in excess of Four Million Dollars ($4,000,000), but less than Five Million Dollars ($5,000,000), but shall exclude the Excluded Liabilities.

1.7 "Bankruptcy Case" and "Bankruptcy Code" have the meaning set forth in the recitals of this Agreement.

1.8 "Bankruptcy Court" has the meaning set forth in the recitals of this Agreement.

1.9 "Business" shall mean (i) Seller's business of providing telecommunications and data transport services, and (ii) the maintenance of the Network.

1.10 "Business Day" shall mean a date on which major banks are open for business in the City of St. Louis, Missouri.

1.11 "Buyer" has the meaning set forth in the first paragraph of this Agreement.

1.12 "Chapter 11 Expenses" shall mean costs incurred and expenses paid or payable by Seller in connection with the administration of the Bankruptcy Case, including, without limitation, (a) fees and expenses related to the Seller's DIP lending agreement, (b) obligations to pay professionals' fees and expenses in connection with the Bankruptcy Case (including, without limitation, fees of attorneys, accountants, investment bankers, financial advisors, and consultants retained by Seller or the Committee) and reimbursement of any expenses incurred by

Seller prior to the Closing Date in connection therewith (including, without limitation, any obligations to pay any holdback of any such fees and expenses), (c) fees and expenses payable to the United States trustee under Section 1930 of title 28, United States Code and (d) expenses of members of the Committee.

1.13 "Closing" shall mean the consummation of the purchase and sale of assets and assumption of liabilities contemplated herein on the Closing Date.

1.14 "Closing Adjustment" shall mean the result of the following calculation:

(i) the Working Capital at the Closing Date, minus the Working Capital at the Measurement Date, plus

(ii) the Adjustment PP&E at the Closing Date, plus

(iii) the amount of Cure Costs paid by Seller prior to the Closing Date that exceeds Three Million Dollars ($3,000,000), but is less than Four Million Dollars ($4,000,000) (not including in each case the MoDOT Leased Bandwidth Cure Costs) minus

(iv) the amount of the IRU Proceeds received by Seller between the Measurement Date and the Closing Date, minus

(v) $1,000,000 for MoDOT Leased Bandwidth Cure Costs, minus

(vi) the amount of liabilities of Seller on the Measurement Date reflected in the line items "Customer Payments" and "Construction Deposits" on Seller's general ledger supporting the Financial Statements (other than those items included in the accounts receivable of Seller).

An example of the Closing Adjustment calculation is set forth on Schedule 1.14.

1.15 "Closing Date" shall mean the date on which the Closing occurs.

1.16 "Code" shall mean the Internal Revenue Code of 1986, as amended and in effect on the Closing Date.

1.17 "Committee" shall mean the Official Committee of Unsecured Creditors appointed in the Bankruptcy Case.

1.18 "Continuing Employees" has the meaning set forth in Section 5.6(a).

1.19 "Contracts & Leases" shall mean all orders, contracts, supply agreements and leases to which Seller is a party, including, but not limited to the contracts listed on Schedule 1.19 and all contracts between Seller and its customers pursuant to which Seller provides assets, products or services. Contracts & Leases shall not include: (i) agreements rejected by Seller during the Bankruptcy Case or (ii) agreements of Seller which are not assumable and assignable over the objection of the counter-party to such agreements under Section 365(c) of the Bankruptcy Code, but only to the extent that a counter-party actually objects to the assumption and assignment of its respective agreement with Seller.

1.20 "Cure Costs" shall mean amounts payable either before or after the Closing Date on account of defaults which must be paid in order to effectuate the assumption by Seller and assignment to Buyer of the Contracts & Leases in accordance with Section 365 of the Bankruptcy Code and the Sale Order, including, without limitation, a $1,000,000 Closing Adjustment as agreed to by Seller and Buyer as the entire Cure Cost amount that Seller shall pay for the current value of the future leased bandwidth expense expected to be incurred by Buyer after the Closing Date to cure defaults relating to the delivery of telecommunications services by Seller to the MoDOT district offices in Willow Springs and Macon, Missouri under that certain Fiber Optic Cable on the Freeways Agreement between Seller and the Missouri Department of Transportation ("MoDOT Leased Bandwidth Cure Costs"). Buyer shall pay all MoDOT Leased Bandwidth Cure Amounts after the Closing Date and Buyer shall not be reimbursed through this Agreement for any MoDOT Leased Bandwidth Cure Costs exceeding the $1,000,000 included in the Closing Adjustment.

1.21 "Current Assets" shall mean the book value of all Assets which are classified as current assets on Seller's financial statements prepared in accordance with GAAP. Current Assets shall exclude: (i) the Excluded Assets, and (ii) prepaid Chapter 11 Expenses.

1.22 "Current Liabilities" shall mean the book value of all Assumed Liabilities that are classified as current liabilities on Seller's financial statements prepared in accordance with GAAP; *provided, however*, that Current Liabilities shall exclude amounts reflecting the Excluded Liabilities.

1.23 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.24 Excluded Assets" shall mean:

(i) any and all causes of action (including avoidance actions, inter-company claims, rights and causes of actions under the KLT Tax Sharing Agreement between Seller and KLT, claims against KLT and its affiliates, all other causes of action of Seller), other than

(a) product warranty claims,

(b) claims of Seller arising under or related to contracts assigned to Buyer as Assets,

(c) claims to enforce the Contracts & Leases or claims that third parties have infringed or are infringing any of the Intellectual Property,

(ii) cash and cash equivalents (including restricted cash),

(iii) tax refunds,

(iv) rights to the Purchase Price and other rights granted to Seller under this Agreement,

(v) rights to receive payments for the grant of title or IRU to fiber optic strands pursuant to the AGL Transaction, but excluding any periodic fiber maintenance payments or any other monies payable to Seller pursuant to the AGL Transaction, plus

(vi) any prepaid Chapter 11 Expenses.

1.25 "Excluded Liabilities" shall mean (i) all liabilities of Seller arising at any time out of, or in connection with, the Excluded Assets, (ii) all pre-closing liabilities, except Assumed Liabilities, (iii) Cure Costs (other than MoDOT Leased Bandwidth Cure Costs exceeding $1,000,000), whether incurred prior to Closing or after Closing, to the extent all Cure Costs (including such $1,000,000) are less than Four Million Dollars ($4,000,000) or more than Five Million Dollars ($5,000,000), and (iv) all liabilities set forth on Schedule 1.25.

1.26 "Execution Date" shall have the meaning set forth in the first paragraph of this Agreement.

1.27 "GAAP" shall mean generally accepted accounting principles in effect as of the time when and for the period as to which such accounting principles are to be applied, consistently applied.

1.28 "Governmental Entity" means any court or tribunal in any jurisdiction (domestic or foreign) or any public, governmental, legislative or regulatory body, agency, department, commission, board, bureau, or other authority or instrumentality (domestic or foreign), including but not limited to the Internal Revenue Service, Department of Labor, Department of Health and Human Services, Environmental Protection Agency, Department of Justice, Federal Communications Commission, Federal Trade Commission, or a Public Service Commission.

1.29 "Governmental Approvals" shall mean those approvals, authorization and exemptions from governmental entities and the making of all necessary registrations and filings (including filings with governmental entities) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding to prevent the Closing by, any governmental entity, which are required to be obtained or taken to consummate the transactions contemplated herein under applicable law.

1.30 "Intellectual Property" shall mean all intellectual property owned by Seller, including, without limitation, trade names, trade secrets and trademarks, which are useful in operating the Business, including, without limitation, those set forth on Schedule 1.30 hereto.

1.31 "IRS" means the U.S. Internal Revenue Service.

1.32 "KLT" shall mean KLT Telecom Inc.

1.33 "Material Adverse Change" shall mean any significant and substantial adverse change in the Business, prospects or financial condition of Seller as such shall exist on the Execution Date, excluding any change (i) resulting from general economic conditions in the U.S. or (ii) that affects the telecommunications industry as a whole, provided, however, that no Material Adverse Change shall be deemed to have occurred due to an amendment or termination of the IRU and Telecommunications Services Agreement with Hyperion Communications Long Haul, L.P. dated November 9, 1999 that reduces or eliminates revenues that Seller might have realized from that agreement, or the rejection of that agreement by either Seller or Hyperion in their respective Bankruptcy court.

1.34 "Measurement Date" shall mean September 30, 2002.

1.35 "Network" shall mean the conduit, fiber optic cable, equipment, buildings, electronic equipment and all bridge attachments, conduits, brackets, fixtures, anchors, splice boxes, fiber distribution centers and other hardware needed or used to fasten or support the fiber optic cable, conduit and equipment buildings of Seller's fiber optic network within the states of Missouri, Colorado, Arkansas, Kansas, Oklahoma, Tennessee, Nebraska, Iowa, Illinois, Indiana, Texas, Kentucky, Alabama and Georgia. As of October 31, 2002, the Network included, but was not limited to, those fiber and optronics listed on Schedule 1.35-1 attached hereto. Schedule 1.35-2 contains a map of the Network as of September 30, 2002. Schedule 1.35-3 contains tables depicting the total capacity (both used and unused) of the Network as of October 31, 2002. Network shall not include the fiber optic network assets that are the subject of the AGL Transaction.

1.36 "Network Operations Center" shall mean the portion of the real property located at 11111 Dorsett Road, Maryland Heights, Missouri including all buildings, improvements and fixtures, that is currently being leased by Seller.

1.37 "Payables" shall mean (i) liabilities associated with any amounts included in Current Liabilities for purposes of calculating Working Capital, and (ii) all other liabilities that arise or have arisen under the Contracts and Leases and for which payment is due after the Closing Date (other than total Cure Costs that are more than $4,000,000 but less than $5,000,000), and other than Chapter 11 Expenses.

1.38 "Permitted Liens" shall mean the liens and encumbrances described on Schedule 1.38.

1.39 "Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, enterprise, unincorporated organization, Governmental Entity, or other entity.

1.40 "Personal Property" shall mean all tangible personal property used by Seller to conduct the Business including without limitation vehicles, tools, spare parts, fiber and other network equipment held for deployment, furniture, computers and other equipment.

1.41 "Regulatory Approvals" shall mean any approval of the Transaction required by the rules and regulations of any federal, state or local government agency.

1.42 "Sale Order" shall mean (i) an order of the Bankruptcy Court approving this Agreement and the transactions contemplated hereby, in accordance with section 363 of the Bankruptcy Code, which finds, among other things, that Buyer is a good-faith purchaser for value and otherwise entitles Buyer to the protections of section 363(m) of the Bankruptcy Code, for which the time for filing a notice of appeal has expired, and which order has not been reversed or modified on appeal or, if any such appeal is pending, such order shall not have been stayed, and (ii) an order or orders of the Bankruptcy Court approving the assumption and assignment of all Contracts & Leases by Seller pursuant to section 365 of the Bankruptcy Code. The Sale Order shall be in form and substance acceptable to Buyer in its reasonable discretion.

1.43 "Seller" has the meaning set forth in the first paragraph of this Agreement.

1.44 "Seller Bonus Plan" has the meaning set forth in Section 5.6(c).

1.45 "Seller 401(k) Plan" has the meaning set forth in Section 5.6(e).

1.46 "Seller Plans" has the meaning set forth in Section 3.11(a).

1.47 "Seller Welfare Plans" has the meaning set forth in Section 5.6(f)

1.48 "Subsidiary Welfare Plans" has the meaning set forth in Section 5.6(f).

1.49 "Tax" or "Taxes" shall mean any federal, state, county, local, foreign, and other income, profits, gains, net worth, sales and use, ad valorem, gross receipts, business and occupation, license, estimated, stamp, custom duties, occupation, property (real or personal), franchise, capital stock, license, excise, value added, payroll, employees, income withholding, social security, unemployment or other tax, imposition, duty, or similar levy by any governmental entity, and any penalty, addition to, or interest on the foregoing.

1.50 "Transaction" shall mean the sale of assets as contemplated by the terms of this Agreement.

1.51 "Working Capital" shall mean, as of the applicable date, the difference, if any, between: (i) the amount of the Current Assets, and (ii) the amount of the Current Liabilities.

ARTICLE II
PURCHASE OF ASSETS

2.1 Purchase; Purchase Price and Earnest Money.

(a) Purchase. Subject to the approval of this transaction by the Bankruptcy Court pursuant to the Sale Order, and upon the terms and subject to the conditions contained in this Agreement, Seller shall sell, assign, and deliver to Buyer, free and clear of all claims, interests, liens and encumbrances (except for the Permitted Liens) and Buyer shall purchase and accept, all right, title and interest of the Seller in and to the Assets.

(b) Purchase Price. Upon the terms and subject to the conditions set forth in this Agreement, Buyer shall pay to Seller Thirty-Eight million dollars ($38,000,000) in cash, plus the Closing Adjustment (whether a positive or negative number), if any ("Purchase Price").

(c) Assumption of Liabilities. At Closing, as additional consideration to Seller for the sale of the Assets, Buyer shall assume, and agree to pay, perform, fulfill and discharge, all Assumed Liabilities.

(d) Payment of Purchase Price. Buyer shall pay to Seller the Purchase Price (net of the Escrow Funds) by wire transfer of immediately available funds to the United States account or accounts designated by Seller no later than 3 p.m. Central Time on the Closing Date.

(e) Escrow. Concurrently with the execution of this Agreement Buyer is delivering to Regions Bank, N.A. (the "Escrow Agent"), a deposit in the amount of Three Million Eight Hundred Thousand Dollars ($3,800,000) (which, along with all accrued interest shall be the "Escrow Funds"). The Escrow Agent shall hold the Escrow Funds in an interest-bearing escrow account pursuant to the terms of the Escrow Agreement attached as Exhibit A. The Escrow Agent's fees and charges shall be paid one half by Buyer and one half by Seller. The Escrow Agreement shall provide that:

(i) The Escrow Funds will be returned to Buyer upon the earlier of:

(A) the failure to close the transactions as contemplated by this Agreement by July 15, 2003 for any reason other than Buyer's breach,

(B) the consummation of a transaction with an Overbidder pursuant to Article VIII, and

(C) the date upon which a Seller Plan as defined in Section 6.3(a) is approved by the Bankruptcy Court.

(ii) One hundred eighty (180) days following the Closing Date, the Escrow Funds shall be paid to Seller subject to reductions in an amount equal to the amount of any claims of Buyer for breaches of representations and warranties of Seller under this Agreement as provided in Article III and subject to the limitations contained in Article 9.1 hereof.

2.2 Estimate of Closing Adjustment at Closing. At least three (3) Business Days prior to the scheduled Closing Date, Seller shall provide to Buyer a projection of the Closing Adjustment that will exist at Closing. Seller will provide a copy of the same to the Committee and KLT. Seller and Buyer shall promptly confer in good faith to finalize the amount of the Closing Adjustment prior to the Closing Date and if they are unable to fully agree, then the Seller shall file a motion with the Bankruptcy Court outlining the items which are agreed to and the items which are not agreed to and the basis for the disagreement and the disputed items shall be determined by the Bankruptcy Court after notice and an opportunity for the Buyer and all parties in interest in the Bankruptcy Case to be heard.

2.3 No Assumption of Any Liabilities. It is understood and agreed that Buyer shall not assume or become liable directly, indirectly, contingently or otherwise for the payment of any debts, liabilities, losses, accounts payable, Taxes, bank indebtedness, mortgages, or other obligations of Seller of any nature whatsoever, whether related to the Assets or otherwise or for any other liabilities, whether the same are known or unknown, now existing or hereafter arising, of whatever nature or character, whether absolute or contingent, liquidated or disputed, except as expressly set forth herein. Buyer shall not have any successor liability related to Seller or the Assets.

2.4 Closing. Subject to the satisfaction or waiver of the conditions set forth herein, the Closing shall occur within five (5) Business Days following the satisfaction or waiver of all other conditions to Closing set forth in Article VII, in the offices of the Sonnenschein Nath and Rosenthal in St. Louis (or on such other date at such other time and place as the parties shall agree in writing).

2.5 "As Is" Transaction. Buyer hereby acknowledges and agrees that, except as otherwise expressly provided in this Agreement (and without in any respect impairing any of Seller's Representations and Warranties under Article III or its covenants under Articles V or VI), the Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Assets including, without limitation, income to be derived or expenses to be incurred in connection with the Assets, the physical condition of any personal Assets comprising a part of the Assets or which is the subject of any other lease or contract to be assumed by Buyer at the Closing, the environmental condition or other matter relating to the physical condition of any real Assets or improvements which are the subject of any real Assets lease to be assumed by Buyer at the Closing, the zoning of any such real Assets or improveme nts, the value of the Assets (or any portion thereof), the terms, amount, validity or enforceability of any assumed liabilities, the merchantability or fitness of the personal Assets or any other portion of the Assets for any particular purpose. Without in any way limiting the foregoing, subject to the representations, warranties and covenants expressly set forth in this Agreement Seller hereby disclaims any warranty, express or implied, of merchantability or fitness for any particular purpose as to any portion of the Assets. Buyer further acknowledges that Buyer has conducted an independent inspection and investigation of the physical condition of the Assets and all such other matters relating to or affecting the Assets as Buyer deemed necessary or appropriate and that in proceeding with its acquisition of the Assets, except for any representations and warranties and covenants expressly set forth in this Agreement, Buyer is doing so based solely upon such independent inspections and investigations. Accordin gly, subject to the representations, warranties and covenants expressly set forth in this Agreement Buyer will accept the Assets at the Closing "as is", "where is" and "with all faults".

2.6 Allocation of Purchase Price. At Closing, Buyer shall deliver an allocation (the "Allocation") of the Purchase Price in accordance with Section 1060 of the Code, which shall be reasonably acceptable to Seller. Buyer and Seller shall (i) be bound by the Allocation, (for tax purposes only, and not for any other purpose), (ii) act in a manner consistent with the Allocation in the preparation of financial statements and filing of all United States federal income tax returns (including, without limitation, filing Form 8594 with their United States federal income tax returns for the taxable year that includes the Closing Date) and in the course of any tax audit, tax review or tax litigation relating thereto, and (iii) take no position and cause their affiliates to take no position inconsistent with the Allocation for any tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as of the Execution Date and Closing Date as follows. For purposes of this Agreement "Knowledge" of Seller shall mean the knowledge of any of the Continuing Executives (defined in Section 7.3(f)).

3.1 Organization, Standing and Power. Seller is a corporation organized, validly existing and in good standing under the laws of the State of Missouri and has the requisite corporate power and authority to carry on its business as now being conducted, except where the failure to be so organized, existing or in good standing or to have such power or authority would not, individually or in the aggregate, have a material adverse effect on Seller.

3.2 Authority. Seller has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby upon entry of the Sale Order. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller, subject to the conditions set forth in this Agreement. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms upon entry of the Sale Order and obtaining all Governmental Approvals.

3.3 Brokers. No broker, investment banker or other person engaged by Seller is entitled to any broker's, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement.

3.4 No Conflict. Subject to obtaining the Governmental Approvals and entry of the Sale Order by the Bankruptcy Court the consummation of the transactions contemplated by this Agreement and compliance with the provisions hereof will not (i) conflict with or result in a breach of the terms, conditions or provisions of any order of any court or other agency of government, the charter or bylaws of Seller, or (ii) result in the creation or imposition of any lien, charge or encumbrance of any kind whatsoever on any of the Assets.

3.5 Third Party Approvals. Except for (a) the Sale Order, and (b) the Governmental Approvals set forth on Schedule 3.5, for which the failure to obtain such approvals, individually or in the aggregate, would have a materially adverse effect on the Assets or Assumed Liabilities or materially impair or delay the ability of Seller to consummate the transactions contemplated hereby, the execution, delivery and performance by such Seller of this Agreement and the transactions contemplated hereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by Seller. Seller and Buyer will cooperate in all matters relating to obtaining the Governmental Approvals.

3.6 Title to Assets, Validity of Contracts. Except for those items that are not material to the operations of the Business and the Permitted Liens on Schedule 1.38, Seller holds free and clear title to or, has a valid leasehold interest in, all of the Assets and has not received any material claims of infringement against Seller related to the Intellectual Property. None of the material Contracts & Leases were terminated prior to the bankruptcy petition date of December 31, 2001. Except for those Contracts & Leases that are not material to the operations of the Business, each Contract and Lease is in full force and effect and no party is in breach thereunder (other than breaches that will be cured prior to the Closing Date). Except as would not have a material adverse effect on the operations of the Business, Schedule 3.6 hereto lists every Contract or Lease that either (i) requires the co nsent of a third party prior to assignment, or (ii) requires Seller or its assignee to pay to the counter-party or incur expenses in excess of $25,000 in cash annually.

3.7 Due Notice. Seller will serve notice of the hearing in the Bankruptcy Court regarding approval of this sale transaction on all creditors who are listed in Seller's bankruptcy schedules or who have filed proofs of claim in the Bankruptcy Case.

3.8 Financial Statements. Attached hereto as Schedule 3.8 are Seller's unaudited income statement, statement of cash flows and balance sheet for the nine (9) month period ended September 30, 2002 (collectively, the "Financial Statements"). The Financial Statements accurately reflect the results of operations and financial condition of Seller in all material respects as of and for the periods set forth therein. From the date of the Financial Statements there has not occurred a Material Adverse Change in Seller's Business.

3.9 Adequacy and Condition of Assets. Schedule 1.35-1 contains a list of the Network fiber and optronics Assets of the Seller utilized in the Business as of October 31, 2002, which is materially accurate in all respects. Schedule 1.19(a) contains a list of the material Contracts and Leases of Seller utilized in the Business (other than customer contracts) as of November 30, 2002, which is materially accurate in all respects. Schedule 1.19(b) sets forth a list of each customer contract that either generated in excess of $25,000 in revenue during the twelve-month period immediately prior to the date hereof or that is expected to generate in excess of $25,000 in revenue during the twelve months first following the date hereof. Schedule 1.35-2 contains a map of the Network routes as of November 30, 2002, and Schedule 1.35-3 contains tables depicting the total bandwidth transport capacity (both used and unused) of the Network as of October 31, 2002, which are materially accurate in all respects. Except as set forth on Schedule 3.9, the Network is in good operating condition and repair, ordinary wear and tear excepted and is useable in the ordinary course of business consistent with past practices. Except as would not result in a Material Adverse Change, Seller's operation of the Business and ownership of the Assets is and has been in material compliance with all Applicable Laws. Without limiting the generality of the foregoing, Seller has received no notice of and has no knowledge of any condition of any Asset or of any action of Seller that would constitute material violation of any Applicable Law related to the environment.

3.10 Employee Matters. Schedule 3.10 attached hereto is a list of every employee of Seller as of November 30, 2002, along with each such Employee's respective job title, service date, accrued vacation and sick days, annual salary and current bonus (including retention bonuses), target bonus after the Closing Date, and severance pay accrued or payable (or to be payable on or prior to the Closing Date).

3.11 Employee Benefits and Plans.

(a) Schedule 3.11 attached hereto lists each "employee benefit plan", as defined in Section 3(3) of ERISA, (i) which is subject to any provision of ERISA, (ii) which is maintained, administered, or contributed to by Seller, and (iii) which covers any employee or former employee of Seller or under which Seller has any liability. In addition, Schedule 3.11 lists all deferred compensation plans, all supplemental death, disability, medical reimbursement, severance, bonus and all other employee benefit plans of any kind or character, whether written or oral, that Seller either participates in or maintains (the plans referenced in this sentence and the preceding sentence hereinafter referred to collectively as the "Seller Plans"). Seller has made available to Buyer accurate and complete copies of the Seller Plans (and, if appl icable, the related trust agreements) and all amendments thereto.

(b) The Seller's 401(k) Plan has received a favorable determination letter from the IRS, and is being maintained, in all material respects, in compliance with its terms and with the requirements prescribed by all Applicable Law.

(c) Seller has never maintained or contributed to a multi-employer plan as defined in Section 3(37) of ERISA, and has never maintained or contributed to a plan subject to Title IV of ERISA or the minimum funding standards of ERISA or the Code.

(d) Except as set forth on Schedule 3.11, Seller does not maintain or contribute to, and is not required to contribute to, any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Section 4980B of the Code or Sections 601-607 of ERISA).

(e) The requirements of Part 6 of Subtitle B of Title I of ERISA and of Section 4980B of the code have been met in all material respects with respect to each Seller Plan which is an Employee Welfare Benefit Plan. Seller agrees to provide upon reasonable request from Buyer a list of all "qualified beneficiaries", as such term is defined in Part 6 of Subtitle B of Title I of ERISA, under any Seller Plan who, because of a "qualifying event", as such term is defined in Part 6 of Subtitle B of Title I of ERISA, prior to the Closing, are currently entitled to elect continuing coverage under a Seller Plan which is a welfare benefit plan, and Seller agrees to provide, with respect to each such qualified beneficiary, such qualified beneficiary's name, address, date of qualifying event, continuation coverage premium payment history and cop ies of all notices provided by or on behalf of Seller related to such continuation coverage.

3.12 Cure Costs. To the knowledge of Seller (i) Cure Costs (other than MoDOT Leased Bandwidth Cure Costs) are not reasonably expected to exceed $3,000,000 and (ii) promptly following the Bankruptcy Court approval of the Bid Procedures Order Seller shall provide a notice of Proposed Assignment and Cure Amount to all parties to the Contracts and Leases pursuant to the Bankruptcy Code.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Each of Parent and Buyer represents and warrants to Seller as of the Execution Date and the Closing Date:

4.1 Organization, Standing and Power. Subsidiary is a limited liability company organized, validly existing, and in good standing under the laws of the State of Missouri and has the requisite power and authority to carry on its business as now being conducted and to effect the transactions contemplated hereunder.

4.2 Authority. Buyer has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of Buyer, subject to the conditions set forth in this Agreement. This Agreement has been duly and validly executed and delivered by Buyer and this Agreement constitutes the legal, valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms upon obtaining all Governmental Approvals.

4.3 Consents and Approvals; No Violation. The execution and delivery of this Agreement by Buyer does not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give to others a right of termination, cancellation or acceleration of any obligation or the loss of a material benefit under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Buyer or any of its subsidiaries under, any provision of (i) the charter or organizational document or bylaws of Buyer, (ii) any provision of the comparable charter or organizational documents of any of Buyer's subsidiaries, (iii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, fran chise or license applicable to Buyer or any of its subsidiaries or (iv) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Buyer or any of its subsidiaries or any of their respective properties or assets, other than, in the case of clauses (ii), (iii) or (iv), any such violations, defaults, rights, liens, security interests, charges or encumbrances that, individually or in the aggregate, would not prevent the consummation of any of the transactions contemplated hereby in accordance with the terms of this Agreement. Except for the Governmental Approvals, no filing or registration with, or authorization, consent or approval of, any governmental entity is required by or with respect to Buyer or any of its subsidiaries in connection with the execution and delivery of this Agreement by Buyer or is necessary for the consummation of the transactions contemplated by this Agreement.

4.4 Actions and Proceedings. There are no actions, suits, labor disputes or other litigation, legal or administrative proceedings or governmental investigations pending or, to the Knowledge of Buyer, threatened against or affecting Buyer or any of its subsidiaries or any of its or their present or former officers, directors, employees, consultants, agents or shareholders, as such, or any of its or their properties, assets or business relating to the transactions contemplated by this Agreement or which could have the effect of delaying or prohibiting the consummation of the transactions contemplated by this Agreement. For purposes of this Agreement, "Knowledge of Buyer," means the actual knowledge of the R. Stewart Ewing, Jr. and Stacey W. Goff of Buyer after due inquiry.

4.5 Brokers. No broker, investment banker or other person engaged by Buyer is entitled to any broker's, finder's or other similar fee or commission payable by the Seller in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

4.6 Financials. The unaudited financial statements of Parent provided to Seller dated as of September 30, 2002, fairly represent the financial position of Parent as of the date hereof and there has been no material adverse change in the Buyer since the date of such financials.

4.7 Financing. As of the Closing, Buyer will have sufficient funds available to consummate the transactions contemplated hereby and Buyer does not have any financing contingency with respect to the transactions contemplated hereby.

ARTICLE V
COVENANTS

5.1 Pre-Closing Covenants of Seller. Seller covenants to Buyer that after the Execution Date and prior to the Closing Date, except as contemplated by this Agreement:

(a) Consistent with custom and practice of the Business following the filing date of the Bankruptcy Case, and to the extent permitted or required by the funds available to support the Business, and to the extent limited by the proceedings of the Bankruptcy Case, Seller will

(i) operate in the ordinary course of business, and conduct, carry on and maintain and preserve the Business intact;

(ii) use commercially reasonable efforts to maintain and preserve its relationships with and the goodwill of suppliers, customers and others having business relations with the Business;

(iii) maintain the Assets, as well as books of account, records and files related to the conduct of the Business and its employees, and

(iv) use its commercially reasonable efforts to keep available to Buyer the employees of Seller;

(b) Section 5.1(a) shall not limit the ability of Seller to perform all acts contemplated by, or useful in consummating, the AGL Transaction and paying the Cure Costs;

(c) Seller will maintain itself as a duly licensed corporation in good standing under the laws of Missouri;

(d) Seller will seek to obtain entry of the Sale Order;

(e) Seller will seek to obtain entry of an order of the Bankruptcy Court putting in place auction and sale procedures pursuant to Section 363 of the Bankruptcy Code as described in Section 6.3(a) and in the form attached hereto ("Bid Procedure Order") as set forth on Schedule 5.1(e).

5.2 No Sale or Encumbrance of Assets. Except as set forth on Schedule 5.2, Seller will not sell or encumber any Assets; *provided, however*, that Seller, upon consent of Buyer, which consent shall not be unreasonably withheld, may enter into agreements in which Assets are sold or to which an indefeasible right of use is granted if that sale or grant of IRU is a term of a swap of assets with a third party performed by Seller to assist Seller to fulfill any existing, or reasonably anticipated, agreement for the sale of bandwidth transport and related services to a third party in the Seller's ordinary course of business. The cash proceeds received by Seller as a result of such sale shall, together with the proceeds from the sale of Assets since the Measurement Date, be defined as the "IRU Proceeds", *provided, however,* that IRU Proceeds shall not include proceeds from the AGL Transaction or the set tlement agreement with Qwest Communications.

5.3 No Material Contracts. Seller will not (i) enter into any agreement that requires Seller to unconditionally pay in excess of Twenty-Five Thousand Dollars ($25,000) in cash annually, unless such agreement is entered into to fulfill any existing, or reasonably anticipated, agreement for the sale of bandwidth transport and related services to a third party in the Seller's ordinary course of business or (ii) incur any cost Seller would propose to include in the calculation of Adjustment PP&E in excess of $50,000 without including a representative of Buyer in the Seller Capital Allocation Committee meeting such cost and obtaining consent of Buyer to such expenditure at that committee meeting, which consent shall not be unreasonably withheld provided, however, that Seller shall not be required to obtain the consent of Buyer for the capital expenditures set forth in Schedule 5.3. Buyer agrees that the capital ex penditures (i) made by Seller during the period between the Measurement Date and the execution of this Agreement that are of a nature described in the definition of Adjustment PP&E, and (ii) amounts expended after the date hereof on the capital projects set forth in Schedule 5.3, net of any proceeds received by third parties with respect to such capital projects, shall each be included in the calculation of Adjustment PP&E. Following the date of this Agreement, Seller shall provide to Buyer a weekly report of all capital expenditures approved by Seller during the preceding week.

5.4 No Employee Related Changes. Except as permitted by Seller's employee retention program as approved by the Bankruptcy Court, Seller will not establish any new or materially modify any existing employee benefits or compensation plans. Without limiting the foregoing, Seller will not materially increase compensation or benefits nor enter into or renew any employment or collective bargaining agreement.

5.5 Interim Information. Between the date hereof and the Closing Date Seller shall provide Buyer such information as Buyer may reasonably request regarding the Seller's business.

5.6 Employees and Employee Matters.

(a) Employment of Continuing Employees. All employees of Seller as of the Closing Date referred to as a "Continuing Employee" shall be employed by Buyer following the Closing Date at the same compensation as is disclosed on Schedule 3.10, at their same work location (exclusive of any retention bonus). During the period of one year following the Closing Date, Buyer shall immediately pay to any Continuing Employee whose employment in the Business is terminated by Buyer after the Closing Date without cause, the sum of fifteen percent (15%) of such terminated Continuing Employee's annual base salary, provided, however, that during the three (3) month period commencing on the Closing Date the Buyer shall not terminate the employment of, or decrease the compensation paid to, any Continuing Employee other than for cause.

(b) Recognition of Continuing Employee and Continuing Executives Service. On and after the Closing Date, Buyer shall recognize the service of each Continuing Employee and Continuing Executive for purposes of Buyer's employee service recognition program, for participation and vesting under the subsidiary 401(k) Plan, subsidiary vacation policy, the Subsidiary Welfare Plans for Continuing Employees and Continuing Executives, and any subsidiary severance pay policy applicable to Continuing Employees. Continuing Employees and Continuing Executives shall not be granted credit for service with Seller for purposes of any pension plan or post-retirement benefit plan provided by Buyer or any of its affiliates.

(c) Assumption of Obligation to Pay Bonuses. Except as otherwise expressly provided in this Agreement or the Employment Agreements (defined in Section 7.3(f)), Continuing Employees and Continuing Executives shall not accrue benefits under any employee benefit policies, plans, arrangements, programs, practices, or agreements of Seller after the Closing Date. For the year in which the Closing Date occurs, the Continuing Employees shall be paid any bonuses that would have been payable to such employees for that year had the Continuing Employees remained employees of Seller in accordance with the provisions of the policy, plan, arrangement, program, or agreement under which the bonus would have been paid (the "Seller Bonus Plan"). Seller shall pay to the Continuing Employees that portion of any such bonus that is attributable to service during such year on or before the Closing Date, and Buyer shall pay to the Cont inuing Employees that portion of any such bonus that is attributable to service during such year after the Closing Date in which such Continuing Employee is employed by Buyer. In determining the amount of the bonus to be paid by Buyer in accordance with the preceding sentence, Buyer shall establish criteria under which the bonus will be paid consistent with that provided to similarly situated employees in the industry.

(d) No Duplicate Benefits; Dependents and Beneficiaries. Nothing in this Agreement shall cause duplicate benefits to be paid or provided to or with respect to a Continuing Employee or Continuing Executive under any employee benefit policies, plans, arrangements, programs, practices, or agreements. References herein to a benefit with respect to a Continuing Employee or Continuing Executive shall include, where applicable, benefits with respect to any eligible dependents and beneficiaries of such Continuing Employee or Continuing Executive under the same benefit policy, plan, arrangement, program, practice or agreement.

(e) 401(k) Plan.

(i) Seller 401(k) Plan. As of the date of this Agreement, Continuing Employees and Continuing Executives participate in the Digital Teleport, Inc. 401(k) Plan (the "Seller 401(k) Plan").

(ii) Seller Obligations. Seller shall take all appropriate action to vest the Continuing Employees and Continuing Executives 100% in the Seller 401(k) Plan and to treat each Continuing Employee or Continuing Executive as a terminated employee under the terms of such plan. Alternatively, Seller shall terminate the Seller 401(k) Plan.

(iii) Buyer Obligations. Buyer shall take all actions necessary and appropriate to ensure that, as soon as possible after the Closing Date, Subsidiary maintains or adopts a 401(k) plan which covers the Continuing Employees and Continuing Executives with participation, vesting, elective deferral and matching contributions similar to that provided to the participants as the Seller 401(k) Plan, and which accepts direct rollovers from the Seller 401(k) Plan; provided, however, that the plan adopted or maintained by Subsidiary will not include annuity payment options and no rollover or transfer will be accepted which would cause the Subsidiary plan to be required to include any such option.

(f) Welfare Plans.

(i) Buyer shall take all action necessary and appropriate to ensure that, as soon as possible after the Closing Date, Subsidiary maintains or adopts, as of the Closing Date, one or more employee benefit plans, including pre-retirement medical, health, and dental plans, for the benefit of the Continuing Employees and Continuing Executives (the "Subsidiary Welfare Plans"). The Subsidiary Welfare Plans shall provide as of the Closing Date pre-retirement benefits to the Continuing Employees and Continuing Executives (and their dependents and beneficiaries) that, in the aggregate, are comparable to the pre-retirement benefits to which they were entitled under the corresponding employee welfare benefit plans maintained by Seller on the Closing Date (hereinafter referred to collectively as the "Seller Welfare Plans"). Buyer shall use its good faith best efforts to ensure that the Subsidiary Welfare Plans contain no restrictions on coverage for pre-existing condition s or requirements for evidence of insurability for Continuing Employees and Continuing Executives, and that Continuing Employees and Continuing Executives shall receive credit under the Subsidiary Welfare Plans for co-payments and payments under deductible limits made by them and for out-of-pocket maximums applicable to them during the plan year of the Seller Welfare Plan in accordance with the terms of such plan. As soon as possible as practicable after the Closing Date, Seller shall deliver to Buyer a list of the Continuing Employees and Continuing Executives who had credited service under a Seller Welfare Plan, together with each such Continuing Employee's and Continuing Executive's service, co-payment amounts, and deductible and out-of-pocket limits under such plan.

(ii) Seller, Buyer, the Seller Welfare Plans, and the Subsidiary Welfare Plans shall assist and cooperate with each other in the disposition of claims made under the Seller Welfare Plans, and in providing each other with any records, documents, or other information within its control or to which it has access that is reasonably requested by any other as necessary or appropriate to the disposition, settlement, or defense of such claims.

(g) Severance Pay.

(i) Seller shall, prior to the Closing Date, make full payment to its employees of all severance pay, retention bonus, and any other compensation related to this transaction or the termination of employment of any employee occurring prior to the Closing Date, and Buyer shall have no liability for any such amounts.

(h) Vacation, Holiday and Sick Leave.

(i) After the Closing Date, Subsidiary shall continue the vacation policy of Seller in effect as of the date of this Agreement. Continuing Employees and Continuing Executives shall be entitled to carry over unused vacation, and shall be given credit under Subsidiary's vacation policy for service with Seller. Subsidiary shall have the right to change, modify or amend the vacation policy applicable to Continuing Employees and Continuing Executives at any time after the Closing Date.

(ii) After the Closing Date, Subsidiary shall continue the holiday and sick leave policies of Seller in effect as of the date of this Agreement. Subsidiary shall have the right to change, modify or amend the holiday or sick leave policies applicable to Continuing Employees and Continuing Executives at any time after the Closing Date.

-

ARTICLE VI
COVENANTS OF BUYER AND SELLER

6.1 Approvals of Third Parties; Efforts.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use commercially reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including, without limitation:

(i) the obtaining of all Government Approvals;

(ii) the obtaining of all other necessary consents, approvals or waivers from other third parties;

(iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other governmental entity vacated or reversed; and

(iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement.

No party to this Agreement shall consent to any voluntary delay of the consummation of the transactions contemplated by this Agreement at the behest of any governmental entity without the consent of the other parties to this Agreement, which consent shall not be unreasonably withheld.

(b) Seller will use its commercially reasonable best efforts to cause or obtain the satisfaction of the conditions applicable to Seller specified in Sections 7.1 and 7.3 below.

(c) Buyer will use its reasonable best efforts to cause or obtain the satisfaction of the conditions applicable to Buyer specified in Sections 7.1 and 7.2 below.

6.2 Fees and Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the party incurring such costs and expenses.

6.3 Bankruptcy Court Approvals

(a) *Bankruptcy Court Approval of Bid Procedures.* Promptly following the Execution Date (and in no event later than ten (10) Business Days thereafter), the Seller will file a motion with the Bankruptcy Court requesting the entry of the Bid Procedures Order (the "Bid Procedure Motion"):

(i) fixing the time, date, and location of a hearing (the "Approval Hearing") to approve Seller's consummation of this Agreement,

(ii) fixing the time and date of an auction (the "Auction") to be held at the offices of Sonnenschein, Nath & Rosenthal at which higher and better offers may be presented to the Seller,

(iii) providing that if

(A) Seller receives from a third party (other than Buyer) a higher and better offer at the Auction, as determined by Seller (after consultation with the Committee), and the transaction to sell the Assets to the such third party ("Overbidder") is subsequently consummated, or

(B) a plan of liquidation or plan of reorganization regarding Seller is subsequently confirmed by the Bankruptcy Court and such plan confirmation is not sought by Seller due to:

(a) Buyer's inability or unwillingness to fulfill its obligation to close the transaction contemplated herein;

(b) Buyer's breach or

(c) the inability to get required Governmental Approvals ("Seller Plan"),

then this Agreement shall terminate pursuant to Section 8.2 and Buyer shall be entitled to a flat fee (not dependent on amounts actually expended or incurred by Buyer) in cash or other immediately available funds in the amount of Seven Hundred Thousand Dollars and No Cents ($700,000) (the "Break-Up Fee"), payable at the time specified in Section 8.2 hereof,

(iv) providing that no prospective purchaser will be permitted to bid at the Auction unless:

(A) such prospective purchaser has been deemed "financially qualified" by Seller,

(B) such prospective purchaser shall have executed and delivered an asset purchase agreement substantially similar to this Agreement, and

(C) such prospective purchaser has delivered a deposit into escrow not less than the amount of the Escrow Funds,

(v) providing that no prospective purchaser who bids for the Assets at Auction shall be entitled to purchase the Assets unless such prospective purchaser offers to purchase the Assets for consideration which is at least Eight Hundred Thousand Dollars and No Cents ($800,000) (the "Initial Overbid") greater than the consideration set forth in this Agreement (including all cash, non-cash consideration and assumed liabilities) and otherwise on terms at least as favorable to the Seller as those set forth in this Agreement, and

(vi) providing that:

(A) after the Initial Overbid, all further overbids must be in increments of at least One Hundred Thousand Dollars and No Cents ($100,000),

(B) should overbidding take place, the Buyer shall have the right, but not the obligation, to participate in the overbidding and to be approved as the Overbidder at the Approval Hearing based upon any such overbid,

(C) should an Overbidder be approved at the hearing on the motion filed with the Bankruptcy Court requesting entry of the Sale Order ("Sale Motion"), Buyer shall, upon its receipt of the Break-Up Fee, deliver to such approved Overbidder all third party reports and studies resulting from Buyer's due diligence investigations, and

(D) until the closing of a transaction for the sale of the Assets to Buyer or the sale of the Assets to the Overbidder, all bids submitted at the Auction must be held open for acceptance by Seller and a subsequent sale of the Assets pursuant to such bid,

(vii) providing that Buyer shall not be entitled to any right to match the bid of the Overbidder, and

(viii) approving the form, manner, scope, and substance of notice regarding the proposed sale and Auction, including overbid procedures.

(b) *Bankruptcy Court Approval of Sale Order.* As soon as practicable following the conclusion of the Auction, Seller shall file with the Bankruptcy Court the Sale Motion.

(c) Notifications. Seller will in accordance with Applicable Law provide notice to claimants who may have claims against Seller.

ARTICLE VII
CONDITIONS TO THE OBLIGATIONS OF THE PARTIES

7.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the fulfillment on or prior to the Closing Date of the following conditions:

(a) No Order Preventing Transactions. No court or other governmental entity having jurisdiction over Seller or Buyer, or any of their respective subsidiaries, shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is then in effect and has the effect of making the transactions contemplated by this Agreement illegal.

(b) Entry of Orders. The form and the substance of the Bid Procedure Motion and the Sale Motion shall have been approved by Buyer, and the Bankruptcy Court shall have entered the Bid Procedure Order and the Sale Order without reducing the amount of the Break-Up Fee as specified in Section 6.3, or otherwise materially altering, amending or modifying the Bid Procedure Order or Sale Order in a manner materially adverse to Buyer.

(c) Regulatory Approvals. The parties shall have received all required Regulatory Approvals.

7.2 Conditions to Obligation of Seller. The obligation of Seller to effect the transactions contemplated by this Agreement shall be subject to the fulfillment on or prior to the Closing Date of the condition that Buyer shall have performed in all material respects each of its covenants and agreements contained in this Agreement required to be performed on or prior to the Closing Date, including payment of the Purchase Price, and each of the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date.

7.3 Conditions to Obligations of Buyer. The obligations of Buyer to effect the transactions contemplated by this Agreement shall be subject to the fulfillment on or prior to the Closing Date of the following additional conditions:

(a) Performance of Obligations; Representations and Warranties. Seller shall have performed in all material respects each of its covenants and agreements contained in this Agreement required to be performed on or prior to the Closing Date, and each of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date.

(b) Transfer and Assumption Documents. Seller shall convey title to Buyer to the Assets and Buyer shall assume the Assumed Liabilities by executing documents substantially in the form set forth on Exhibit B attached hereto.

(c) Other Closing Documents. Seller shall deliver lien releases from the liens filed by KLT on the Assets, and such other documents as Buyer may reasonably request at Closing.

(d) Cure Costs. Seller shall have delivered to Buyer evidence reasonably satisfactory to Buyer that all Cure Costs (not including the $1,000,000 Closing Adjustment for MoDOT Leased Bandwidth Cure Cost) less than Three Million Dollars ($3,000,000) (or to the extent Cure Costs exceed Four Million Dollars ($4,000,000) and Seller agrees to pay such Cure Costs then evidence for all Cure Costs assumed by Seller) have been paid or will be paid by Seller.

(e) Network Operations Center. Buyer and KLT shall have executed a lease with respect to the Network Operations Center in a form reasonably satisfactory to Buyer.

(f) Employment Agreements. Buyer and each of the persons listed on Schedule 7.3(f)(1) ("Continuing Executives") hereof shall enter into employment agreements substantially in the form attached hereto as Exhibit 7.3(f)(2) ("Employment Agreements").

ARTICLE VIII
TERMINATION, AMENDMENT, AND WAIVER

8.1 Termination. This Agreement may be terminated in writing at any time prior to the Closing Date:

(a) By Buyer, if:

(i) the Closing does not occur within forty-five (45) days after the later of:

(A) the date of entry of a final and nonappealable Sale Order, or

(B) the date that all Governmental Approvals have been obtained, and such failure to close is not due to a breach by Buyer, or

(ii) any condition to Closing has not been waived or satisfied by July 15, 2003, and such failure is not due to Buyer's breach of this Agreement.

(iii) any Material Adverse Change shall occur.

(b) By Seller, if:

(i) the Closing does not occur within forty-five (45) days after the later of:

(A) the date of entry of a final and nonappealable Sale Order, or

(B) the date that all Governmental Approvals have been obtained, and such failure is not due to a breach by Seller, or

(ii) any condition to Closing has not been waived or satisfied by July 15, 2003, and such failure is not due to Seller's breach of this Agreement.

(c) By Buyer or Seller if, before the Closing Date,

(i) the other party is in material breach of any representations, warranty, covenant or agreement contained herein and has not cured the same within 15 days written notice of such breach, or

(ii) Seller notifies Buyer that the total Cure Costs (not including MoDOT Leased Cure Costs) are expected to exceed Four Million Dollars ($4,000,000) and neither Party elects to pay such amount in excess of $4,000,000.

8.2 Overbid Termination.

(a) If either

(i) a transaction to sell the Assets to an Overbidder is consummated or

(ii) a Seller Plan is confirmed by the Bankruptcy Court, then

(A) this Agreement shall without further action by either party terminate,

(B) Escrow Agent shall immediately deliver to Buyer the Escrow Funds, and

(C) Buyer shall be entitled to the Break-Up Fee to the extent payable under Section 6.3(a)(iii) hereof.

(b) In the event this Agreement is terminated pursuant to this Section 8.2, Buyer shall be entitled to the Break-Up Fee to the extent payable under Section 6.3(a)(iii) hereof as liquidated damages and as Buyer's sole remedy in respect of such termination. The Break-Up Fee shall become due and payable upon the earlier to occur of:

(i) the consummation of the sale of the Assets to the Overbidder,

(ii) confirmation of a Seller Plan, or

(iii) such other date as may be fixed by order of the Bankruptcy Court.

8.3 Liability if Agreement Terminated. Termination of this Agreement shall not relieve any party of any liability for breaches of this Agreement prior to the date of termination.

ARTICLE IX
GENERAL PROVISIONS

9.1 Survival of Representations and Warranties; Indemnification.

(a) Liability of Seller for the representations and warranties made as of the Closing Date as set forth in this Agreement or in any schedule, exhibit or instrument delivered pursuant to this Agreement by Seller shall survive for a period of one hundred eighty (180) days following the Closing Date. Seller agrees to indemnify Buyer against any loss incurred as a result of Seller's material breach of any of those representations and warranties; *provided, however*, that:

(i) Buyer shall be required to notify Seller of any such breaches within one hundred eighty (180) days following the Closing Date;

(ii) Seller's obligation to indemnify shall be limited to the lesser of Buyer's actual loss or the amount of the Escrow Funds not previously paid to Seller, and

(iii) Buyer shall not be entitled to claim indemnification for any actual loss less than $10,000 per occurrence provided, however, that Buyer shall make no such indemnification claim unless such claims in excess of $10,000 exceed $100,000 in the aggregate.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Buyer, Parent and the Seller acknowledge and agree:

(i) that the Escrow Account is the sole source of funding for any claims for indemnification by Buyer or Parent pursuant to this Agreement, and

(ii) that once any funds have been released out of the Escrow Account to the Seller as expressly contemplated by this Agreement, such funds shall cease to be subject to any claims for indemnification by Buyer or Parent pursuant to this Agreement or the Escrow Agreement.

(c) Each of Buyer and Seller shall provide prompt written notice to the other Party upon learning of either Party's breach of a representation, warranty or covenant contained herein.

9.2 Expenses. Each party shall pay its own expenses incident to this Agreement and the transactions hereby contemplated. In the event of any litigation between the parties arising out of this Agreement, the prevailing party shall be entitled to recover from the other party its court costs and reasonable attorneys' fees and expenses at the trial and all appellate levels.

9.3 Notices. Any notice, communication, request, reply or advice hereunder (a "Notice") must be in writing and shall be delivered by reputable overnight commercial courier service or hand delivery. Notice so given shall be effective when delivered on a Business Day before 5 p.m. Refusal of delivery shall be deemed to be receipt. Notice given in any other manner shall be effective when received by the party to whom it is given. For purposes of Notice, the addresses of the parties shall be as follows:

If to Seller:	Digital Teleport, Inc. Attn: Paul Pierron, President 14567 N. Outer Forty Road Chesterfield, MO 63017
With a copy to:	Sidley Austin Brown & Wood Attn: Shalom Kohn 787 Seventh Ave. New York, NY 10019
And a copy to:	Digital Teleport, Inc. Attn: Daniel Davis, Sr. V.P. and General Counsel 14567 N. Outer Forty Road Chesterfield, MO 63017
If to Buyer:	CenturyTel, Inc. Attn: R. Stewart Ewing, Jr., Executive V.P. and CFO 100 CenturyTel Drive Monroe, LA 71203
And a copy to:	CenturyTel, Inc. Attn: Stacey W. Goff 100 CenturyTel Drive Monroe, LA 71203

9.4 Section and Other Headings. Section or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.5 Schedules and Exhibits. Each schedule and exhibit attached hereto shall be deemed to be a part of this Agreement to the same extent as if set forth verbatim in the body of this Agreement.

9.6 Enforcement. The laws of the State of Missouri shall govern the interpretation, validity, performance and enforcement of this Agreement, without reference to any conflict of law or choice of law provisions therein. If any provision of this Agreement should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

9.7 Parties; No Third Party Beneficiaries. This Agreement shall be binding upon and enforceable against, and shall inure solely to the benefit of, the parties hereto and their respective successors and assigns. Nothing herein shall confer any rights or remedies to any person or entity which is not a party hereto.

9.8 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

9.9 Facsimile Signature. This Agreement may be executed and accepted by facsimile signature and any such signature shall be of the same force and effect as an original signature.

9.10 Further Assurances. Seller will execute such further documentation or take such further actions as Buyer may reasonably request to effectuate the transfer of the Assets and implement this Agreement.

9.11 WAIVER OF JURY TRIAL. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE RELATED IN ANY WAY TO BUYER'S BID OR THIS AGREEMENT.

9.12 Exclusive Jurisdiction. Without limiting any party's right to appeal any order of the Bankruptcy Court, (a) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (b) any and all claims, actions, causes of action, suits and Proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 9.3 hereof.

[remainder of page blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

CENTURYTEL, INC.

By: /s/Stacey W. Goff
Name: Stacy W. Goff
Title: Vice President

CENTURYTEL FIBER COMPANY II, LLC

By: /s/Stacey W. Goff
Name: Stacey W. Goff
Title: Vice President

SELLER

DIGITAL TELEPORT, INC.

By: /s/Paul Pierron
Name: Paul Pierron
Title: President and CEO

Exhibit 12.1

GREAT PLAINS ENERGY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	2002	2001	2000 (Thousands)	1999	1998
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	$ 129,188	$ (40,043)	$ 128,631	$ 81,915	$ 120,722
Add:					
Equity investment losses	1,173	376	19,441	24,951	11,683
Minority interests in subsidiaries	-	(5,038)	-	1	(2,222)
Income subtotal	130,361	(44,705)	148,072	106,867	130,183
Add:					
Taxes on income	48,285	(35,914)	53,166	3,180	32,800
Kansas City earnings tax	635	583	421	602	864
Total taxes on income	48,920	(35,331)	53,587	3,782	33,664
Interest on value of leased property	7,093	10,679	11,806	8,577	8,482
Interest on long-term debt	67,551	84,995	60,956	51,327	57,012
Interest on short-term debt	6,312	9,915	11,537	4,362	295
Mandatorily redeemable Preferred Securities	12,450	12,450	12,450	12,450	12,450
Other interest expense and amortization	3,760	5,188	2,927	3,573	4,457
Total fixed charges	97,166	123,227	99,676	80,289	82,696
Earnings before taxes on income and fixed charges	276,447	43,191	301,335	190,938	246,543
Ratio of earnings to fixed charges	2.85	(a)	3.02	2.38	2.98

(a) An $80.0 million deficiency in earnings caused the ratio of earnings to fixed charges to be less than a one-to-one coverage. A $195.8 million net write-off before income taxes related to the bankruptcy filing of DTI was recorded in 2001.

Exhibit 21.1

Subsidiaries of Great Plains Energy Incorporated (1)

Name of Company	State of Incorporation
Kansas City Power & Light Company	Missouri
KLT Inc.	Missouri
KLT Energy Services Inc.	Missouri
Custom Energy Holdings, L.L.C.	Delaware
Strategic Energy, L.L.C.	Delaware

(1) Certain subsidiaries of Great Plains Energy Incorporated have been omitted pursuant to Item 601(b)(21)(ii) of Regulation S-K. The indentation of the subsidiaries indicates ownership relationship to Great Plains Energy Incorporated.

CONSENT OF COUNSEL

As Executive Vice President-Corporate and Shared Services and Secretary of Great Plains Energy Incorporated, I have reviewed the statements as to matters of law and legal conclusions in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002, and consent to the incorporation by reference of such statements in the Company's previously-filed Form S-3 Registration Statements (Registration No. 333-97263 and Registration No. 333-87190) and Form S-8 Registration Statements (Registration No. 33-45618 and Registration No. 333-98781).

/s/Jeanie Sell Latz
Jeanie Sell Latz

Kansas City, Missouri
February 28, 2003

Exhibit 23.1.b

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-97263 and 333-87190) and Form S-8 (File Nos. 33-45618 and 333-98781) of Great Plains Energy Incorporated of our report dated February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the to the 2001 and 2000 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003, relating to the financial statements of Great Plain Energy Incorporated, which appears in this Form 10-K. We also hereby consent to the incorporation by reference in the above named registration statements of our report dated February 5, 2002 relating to the financial statement schedule of Great Plains Energy Incorporated, which also appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 28, 2003

Exhibit 23.1.c

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-97263 on Form S-3, Amendment No. 1 to Registration Statement No. 333-87190 on Form S-3, Registration Statement No. 333-98781 on Form S-8 and Registration Statement No. 33-45618 on Form S-8 of Great Plains Energy Incorporated of our report dated February 27, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to a change in accounting for goodwill and other intangible assets), appearing in this Annual Report on Form 10-K of Great Plains Energy Incorporated for the year ended December 31, 2002.

/s/DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 27, 2003

Exhibit 23.1.d

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-87190 and 333-97263 on Form S-3 of Great Plains Energy Incorporated and Registration Statement Nos. 333-98781 and 33-45618 of Great Plains Energy Incorporated on Form S-8 of our report dated January 30, 2002 (relating to the financial statements of DTI Holdings, Inc. and Subsidiaries (the "Company") not presented separately herein and which report expresses an unqualified opinion and includes explanatory paragraphs referring to the Company's filing for reorganization under Chapter 11 of the Federal Bankruptcy Code, substantial doubt about the Company's ability to continue as a going concern and an impairment charge recorded by the Company), appearing in the Annual Report on Form 10-K of Great Plains Energy Incorporated for the year ended December 31, 2002.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri
February 27, 2003

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Bernard J. Beaudoin

[redacted]

Bernard J. Beaudoin

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Bernard J. Beaudoin, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/David L. Bodde

[redacted]

David L. Bodde

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared David L. Bodde, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Mark A. Ernst

[redacted]

Mark A. Ernst

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Mark A. Ernst, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Randall C. Ferguson, Jr.

[redacted]

Randall C. Ferguson, Jr.

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Randall C. Ferguson, Jr., to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/William K. Hall

[redacted]

William K. Hall

STATE OF MISSOURI	)	
	)	ss
COUNTY OF JACKSON	)	

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared William K. Hall, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Luis A. Jimenez

[redacted]

Luis A. Jimenez

STATE OF MISSOURI	)	
	)	ss
COUNTY OF JACKSON	)	

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Luis A. Jimenez, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/James A. Mitchell
[redacted]
James A. Mitchell

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared James A. Mitchell, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman
[redacted]
Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/William C. Nelson
[redacted]
William C. Nelson

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared William C. Nelson, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman
[redacted]
Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Linda H. Talbott

[redacted]

Linda H. Talbott

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Linda H. Talbott, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Great Plains Energy Incorporated, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Robert H. West

[redacted]

Robert H. West

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Robert H. West, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

Exhibit 99.1

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 Annual Report on Form 10-K of Great Plains Energy Incorporated (the "Company") for the annual period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bernard J. Beaudoin, as Chairman of the Board, President and Chief Executive Officer of the Company, and Andrea F. Bielsker, as Senior Vice President - Finance, Chief Financial Officer and Treasurer 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 or her 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/Bernard J. Beaudoin
Name: Bernard J. Beaudoin
Title: Chairman of the Board, President and Chief Executive Officer
Date: February 28, 2003

/s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance, Chief Financial Officer and Treasurer
Date: February 28, 2003

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.2.f

EXECUTION COPY

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated December 5, 2002, is entered into by and between XL CAPITAL ASSURANCE INC., a New York stock insurance company ("***XLCA***"), KANSAS CITY POWER & LIGHT COMPANY, a corporation duly organized under the laws of the State of Missouri (the "***Company***"), and THE BANK OF NEW YORK, a New York banking corporation (the "***Trustee***").

WHEREAS, pursuant to and in accordance with the provisions of an Indenture of Trust dated as of December 1, 1993 (the ***"Original Indenture"***, and as amended and supplemented from time to time, the ***"Indenture")*** between the City of Burlington, Kansas (the "Issuer") and the Trustee, on December 7, 1993 the Issuer issued its Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1993A and Series 1993B in the aggregate principal amount of $79,480,000 (the ***"Bonds")*** ; and

WHEREAS, pursuant to an Equipment Sublease Agreement (the "***Sublease***"), dated as of December 1, 1993, between the Issuer and the Company, the Issuer leased the Project to the Company and the Company agreed to make subrental payments when due under the Indenture in accordance with the terms thereof (such terms heretofore undefined having the meanings given thereto in the Sublease); and

WHEREAS, the Issuer has determined to amend the Original Indenture in order to secure the Bonds with bond insurance policies issued by XLCA; and

WHEREAS, XLCA has issued financial guaranty insurance policies with respect to each series of the Bonds (collectively, the "***Policy***") which insures the payment of principal of and interest on the Bonds from the date hereof on the terms specified therein; and

WHEREAS, as a condition to the issuance of the Policy, XLCA requires that certain notices and other information be delivered from time to time by the Trustee and the Company and that certain rights be available to it in addition to those under the Indenture; and

WHEREAS, the Company and the Trustee understand that XLCA expressly requires the delivery of this Agreement as part of the consideration for the delivery by XLCA 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, the Trustee and XLCA agree as follows:

ARTICLE I
DEFINITIONS; PREMIUM AND EXPENSES

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 XLCA agreeing to issue the Policy, the Company hereby agrees to pay to XLCA the Premium on the date of issuance of the Policy.

SECTION 1.03. Certain Other Expenses. The Company will pay all reasonable fees and disbursements of XLCA's and the Trustee's counsel related to any modification of this Agreement requested by the Company.

ARTICLE II
REIMBURSEMENT OBLIGATION; COVENANTS OF THE COMPANY

SECTION 2.01. Reimbursement Obligation.

(a) The Company agrees to reimburse XLCA, from any available funds, immediately and unconditionally upon demand for all amounts advanced by XLCA 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 reimburse XLCA immediately and unconditionally upon demand for all reasonable expenses incurred by XLCA in connection with the enforcement by XLCA of the Company's obligations under this Agreement, together with interest accruing at the Effective Interest Rate on any unpaid expenses from and including the date which is 30 days from the date a statement for such expenses is received by the Company to the date of payment. It is understood and agreed that the fees and expenses of any nationally recognized law firm shall be deemed reasonable for purposes of this paragraph.

SECTION 2.02. Covenants.

(a) ***Indebtedness to Total Capitalization***. The Company shall at all times cause the ratio of (i) Indebtedness of the Company and its Consolidated Subsidiaries to (ii) Total Capitalization to be less than or equal to 0.68 to 1.0.

(b) ***Issuance Test Covenant.*** The Company will not issue any additional First Mortgage Bonds without the consent of XLCA if at the time of the calculation after giving effect to such issuance:

(i) The long term rating for such First Mortgage Bonds by S&P or Moody's will be at or below A- (negative outlook) or (negative credit watch) or A3 (negative outlook) or (negative credit watch), respectively and the proposed issuance would cause the proportion of First Mortgage Bonds to Total Indebtedness to exceed 50%.

(ii) The long term rating for such First Mortgage Bonds by S&P or Moody's will be at or above A- (stable outlook) or A3 (stable outlook), respectively and the proposed issuance would cause the proportion of First Mortgage Bonds to Total Indebtedness to exceed 75%;

Notwithstanding the foregoing, should the Company issue First Mortgage Bonds in excess of 50% of Total Indebtedness (such excess, ***"Excess First Mortgage Bonds"***) and should the long term rating assigned to First Mortgage Bonds subsequently be reduced by S&P or Moody's to or below A- (negative outlook) or (negative credit watch) or A3 (negative outlook) or (negative credit watch), respectively, the Company shall be under no obligation to replace its Excess First Mortgage Bonds with unsecured debt, but the consent of XLCA shall be required prior to the issuance of any additional First Mortgage Bonds.

SECTION 2.03. 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 any of the Bond Documents;

(b) any exchange, release or nonperfection of any security interest in property securing the Bonds or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Company or the Issuer under the Bond Documents or otherwise with respect to the Bonds; and

(d) whether or not the Company's obligations under the Bond Documents, or the obligations represented by the Bonds, are contingent or matured, disputed or undisputed, liquidated or unliquidated.

ARTICLE III
EVENTS OF DEFAULT; REMEDIES

SECTION 3.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Company shall fail to pay to XLCA any amount payable under Sections 1.02 and 2.01 hereof and such failure shall have continued for a period in excess of ten days (in the case of amounts payable under Sections 1.02 or 2.01(a) hereof) after receipt by the Company of written notice thereof or 60 days from the date a statement for such expenses is received by the Company (in the case of amounts payable under Section 2.01(b) hereof);

(b) The Company shall fail to observe the covenants identified in Section 2.02 hereof; *provided, however,* that no Event of Default shall be declared with respect to a failure to observe the covenant identified in Section 2.02(a) until the Company shall have had 30 days to correct said default or caused said default to be corrected within such period.

(c) Any material representation or warranty made by the Company hereunder or any material statement in the application for the Policy or any material report, certificate, financial statement or other instrument provided in connection with the Policy or herewith shall have been materially false at the time when made;

(d) Except as otherwise provided in this Section 3.01, the Company shall fail to perform any of its other obligations hereunder, provided that such failure continues for more than thirty (30) days after receipt by the Company of written notice of such failure to perform;

(e) 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 it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) 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 for ninety (90) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for ninety (90) days.

SECTION 3.02. Remedies. If an Event of Default shall occur and be continuing, then XLCA may 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 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. All rights and remedies of XLCA under this Section 3.02 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.

ARTICLE IV
MISCELLANEOUS

SECTION 4.01. Certain Rights of XLCA. While the Policy is in effect:

(a) the Company shall furnish to XLCA (to the attention of the Surveillance Department) as soon as practicable after the filing thereof, a copy of the 10-Ks and 10-Qs of the Company and a copy of any audited financial statements and annual reports of the Company; *provided* that the statements and reports (other than annual reports) required to be furnished by the Company pursuant to this clause shall be deemed furnished for such purpose upon becoming publicly available on the SEC's EDGAR web page;

(b) the Company will permit XLCA to discuss the affairs, finances and accounts of the Company with appropriate officers of the Company;

(c) the Trustee or the Company, as appropriate, shall furnish to XLCA (to the attention of the Surveillance Department) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Bond Documents relating to the security for the Bonds;

(d) the Trustee or the Company, as appropriate, shall notify XLCA (to the attention of the General Counsel Office) of any failure of the Company to provide relevant notices, certificates or other documents or information as required under the Bond Documents;

(e) at the written request of XLCA due to any material breach by the Trustee of the trust and responsibilities set forth in the Indenture, which breach is not cured by the Trustee within ten (10) Business Days of written notice of such breach from XLCA to the Trustee, the Trustee (subject to subsection (g) below) shall resign from its responsibilities under the Indenture; and

(f) XLCA shall receive prior written notice of any Trustee resignation and, notwithstanding any provision of the Indenture, no removal, resignation or termination of the Trustee, or any part of its responsibilities under the Indenture, shall take effect until a successor, acceptable to XLCA, shall be appointed and such successor shall have executed a document satisfactory to XLCA assenting to the obligations of the Trustee set forth herein. In the event that a successor Trustee cannot be identified within 60 days from the date the Trustee notifies the XLCA and the

Company of its resignation, the Trustee will have the right to petition a court of competent jurisdiction for the appointment of a successor Trustee.

SECTION 4.02. Indemnification.

(a) The Company shall indemnify and hold XLCA harmless against any loss, fees, costs, liability or expense incurred without gross negligence or willful misconduct on the part of XLCA arising out of or in connection with the delivery of the Policy and its performance thereunder, including the costs and expenses of defense against any such claim of liability. The indemnification set forth herein shall survive the cancellation or expiration of the Policy and/or removal of XLCA.

(b) The Company shall indemnify and hold the Trustee harmless against any loss, fees, costs, liability or expense incurred without gross negligence or willful misconduct on the part of the Trustee arising out of or in connection with this Agreement, including the costs and expenses of defense against any such claim of liability. The indemnification set forth herein shall survive the cancellation or expiration of the Policy, the termination of this Agreement or the resignation or removal of the Trustee under the Indenture.

SECTION 4.03. Parties Interested Herein. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Company, the Trustee and XLCA, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Agreement contained by and on behalf of the Company and XLCA shall be for the sole and exclusive benefit of the Company, the Trustee and XLCA.

SECTION 4.04. 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, the Trustee and XLCA. The Company hereby agrees that upon the written request of the Company, XLCA 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. XLCA shall deliver the original of such substituted Policy to the Trustee and agrees to deliver to the Company and to the company or companies, if any, rating the Bonds, a copy of such substituted Policy.

SECTION 4.05. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Company, the Trustee and XLCA and their respective successors and assigns; provided, that neither 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, which shall not be refused unreasonably. Notwithstanding the foregoing provisions of this Section 5.05(a), XLCA shall have the right the 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 4.06. 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 XLCA.

SECTION 4.07. Term. This Agreement shall expire upon the earlier of (i) the expiration, or cancellation by the Company, of the Policy in accordance with the terms thereof, or (ii) the repayment in full to XLCA and the Trustee of any amounts due and owing to them by the Company under this Agreement or the Policy. The Company may cancel the Policy at any time *provided* that the Premium shall not be refundable for any reason.

SECTION 4.08. Exercise of Rights. No failure or delay on the part of XLCA to exercise any right, power or privilege under this Agreement and no course of dealing between XLCA and the Company or any other party shall operate as a waiver of 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 XLCA 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 4.09. 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 4.10. 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 4.11. 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
Attention: Assistant Treasurer
Facsimile: (816) 556-2992

If to the Trustee:

The Bank of New York
101 Barclay Street, 21W
New York, New York 10286
Attention: Corporate Trust Administration
Facsimile: (212) 815-3455

If to XLCA:

XL Capital Assurance Inc.
1221 Avenue of the Americas, 31st Floor
New York, New York 10020
Attention: Richard Heberton, Surveillance Department
Facsimile: 212-478-3587

and

Attention: Frederick B. Hnat, Esq., General Counsel
Facsimile: 212-478-3446

SECTION 4.12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

SECTION 4.13. Concerning the Trustee.

(a) All of the rights, privileges, protections and immunities afforded the Trustee under the Bond Documents are hereby incorporated herein as if set forth herein in full.

(b) The recitals contained herein shall be taken as the statements of the Company and XLCA, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Agreement or the Policy.

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/ Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance,
Chief Financial Officer and Treasurer

THE BANK OF NEW YORK, as Trustee

By: /s/ Tae-Ho Chang
Name: (Alex) Tae-Ho Change
Title: Assistant Vice President

XL CAPITAL ASSURANCE INC.

By: /s/ Philip P. Henson
Name: Philip P. Henson
Title: Managing Director

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 Capital 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 as a capital lease.

"***Bond Documents***" means, collectively, the Indenture, the Equipment Sublease Agreement and any other documents and instruments delivered in connection with the issuance of the Bonds.

"***Bond Fund***" has the meaning given thereto in the Indenture.

"Capital Lease Obligation" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real or personal property, which obligations are or are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP (including SFAS No. 13 of the Financial Accounting Standards Board).

"Commitment" means the commitment letter, dated November 27, 2002, from XLCA to the Company, committing to issue the Policy in respect of the Bonds, subject to the terms and conditions thereof.

"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.

"***Effective Interest Rate***" means the "prime rate" announced by Citibank, N.A., from time to time, plus 2%.

"***Event of Default***" means any of the events of default set forth in Section 4.01 of this Agreement.

"***First Mortgage Bonds***" means bonds issued under the Mortgage 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 obligee in respect 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)&nb sp;entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other obligation of the payment or 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 securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is 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 Obligation 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 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 payable arising, and accrued expenses incurred, in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such person;

(e) Capital Lease Obligations and Synthetic Lease Obligations;

(f) All Guaranty Obligations of such Person in respect of any other the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including 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 or 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 Capital Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed t o be the amount of Attributable Indebtedness in respect thereof as of such date.

"***Indenture***" has the meaning set forth in the first "Whereas" clause hereof.

"***Interest Payment Date***" has the meaning given thereto in the Indenture.

"***Mortgage Indenture***" means the General Mortgage Indenture and Deed of Trust, dated as of December 1, 1986 between the Company and United Missouri Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.) (the "Company Mortgage Trustee"), as supplemented by eight supplemental indentures including by the Eighth Supplemental Indenture dated as of December 1, 1993 (the "Eighth Supplemental Indenture") by which the First Mortgage Bonds were issued.

"Person" means an individual, partnership, limited liability company, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"***Policy***" has the meaning set forth in the fourth "Whereas" clause hereof.

"***Premium***" means the premium amount determined in accordance with the Commitment.

"***Remarketing Agents***" has the meaning given thereto in the Indenture.

"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.

"***Sublease***" has the meaning set forth in the second "Whereas" clause hereof.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which more than 50% of (i) the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether or not at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) or (ii) other equity interest comparable to that described in the preceding clause(i) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries, or by one or more other Subsidiaries.

"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 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, an y form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"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 referenced 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.

"Total Indebtedness" means short term debt plus the current maturities of long term debt plus long term debt.

Exhibit 12.2

KANSAS CITY POWER & LIGHT COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	2002	2001	2000 (Thousands)	1999	1998
Income before extraordinary item and cumulative effect of changes in accounting principle	$ 98,699	$ 103,819	$ 128,631	$ 81,915	$ 120,722
Add:					
Equity investment losses	-	501	19,441	24,951	11,683
Minority interests in subsidiaries	-	(5,038)	-	1	(2,222)
Income subtotal	98,699	99,282	148,072	106,867	130,183
Add:					
Taxes on income	62,867	30,288	53,166	3,180	32,800
Kansas City earnings tax	635	583	421	602	864
Total taxes on income	63,502	30,871	53,587	3,782	33,664
Interest on value of leased property	7,093	10,679	11,806	8,577	8,482
Interest on long-term debt	65,559	80,329	60,956	51,327	57,012
Interest on short-term debt	1,218	8,883	11,537	4,362	295
Mandatorily redeemable Preferred Securities	12,450	12,450	12,450	12,450	12,450
Other interest expense and amortization	3,772	5,188	2,927	3,573	4,457
Total fixed charges	90,092	117,529	99,676	80,289	82,696
Earnings before taxes on income and fixed charges	252,293	247,682	301,335	190,938	246,543
Ratio of earnings to fixed charges	2.80	2.11	3.02	2.38	2.98

Exhibit 23-2.a

CONSENT OF COUNSEL

As Secretary of Kansas City Power & Light Company, I have reviewed the statements as to matters of law and legal conclusions in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002, and consent to the incorporation by reference of such statements in the Company's previously-filed Form S-3 Registration Statement (Registration No. 333-18139).

/s/Jeanie Sell Latz
Jeanie Sell Latz

Kansas City, Missouri
February 28, 2003

Exhibit 23.2.b

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-18139) of Kansas City Power & Light Company (a wholly-owned subsidiary of Great Plains Energy Incorporated) of our report dated February 5, 2002, except with respect to Note 13, as to which the date is May 22, 2002, and except with respect to the to the 2001 transitional disclosures relating to the adoption of Statement of Financial Accounting Standards No. 142 as described in Note 6, as to which the date is February 21, 2003, relating to the financial statements of Kansas City Power & Light Company, which appears in this Form 10-K. We also hereby consent to the incorporation by reference in the above named registration statements of our report dated February 5, 2002 relating to the financial statement schedule of Kansas City Power & Light Company, which also appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Kansas City, Missouri
February 28, 2003

Exhibit 23.2.c

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-18139 on Form S-3 of Kansas City Power and Light Company of our report dated February 27, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to a change in accounting for goodwill and other intangible assets), appearing in this Annual Report on Form 10-K of Kansas City Power and Light Company for the year ended December 31, 2002.

/s/DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 27, 2003

Exhibit 23.2.d

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-18139 on Form S-3 of Kansas City Power & Light Company of our report dated January 30, 2002 (relating to the financial statements of DTI Holdings, Inc. and Subsidiaries (the "Company") not presented separately herein and which report expresses an unqualified opinion and includes explanatory paragraphs referring to the Company's filing for reorganization under Chapter 11 of the Federal Bankruptcy Code, substantial doubt about the Company's ability to continue as a going concern and an impairment charge recorded by the Company), appearing in the Annual Report on Form 10-K of Kansas City Power & Light Company for the year ended December 31, 2002.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri
February 27, 2003

Exhibit 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Bernard J. Beaudoin

[redacted]

Bernard J. Beaudoin

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Bernard J. Beaudoin, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/David L. Bodde

[redacted]

David L. Bodde

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared David L. Bodde, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Mark A. Ernst

[redacted]

Mark A. Ernst

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Mark A. Ernst, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Randall C. Ferguson, Jr.

[redacted]

Randall C. Ferguson, Jr.

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Randall C. Ferguson, Jr., to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/William K. Hall

[redacted]

William K. Hall

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared William K. Hall, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Luis A. Jimenez

[redacted]

Luis A. Jimenez

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Luis A. Jimenez, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/James A. Mitchell

[redacted]

James A. Mitchell

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared James A. Mitchell, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/William C. Nelson

[redacted]

William C. Nelson

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared William C. Nelson, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Linda H. Talbott

[redacted]

Linda H. Talbott

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Linda H. Talbott, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a Director of Kansas City Power & Light Company, a Missouri corporation, does hereby constitute and appoint Bernard J. Beaudoin or Jeanie Sell Latz, his true and lawful attorney and agent, with full power and authority to execute in the name and on behalf of the undersigned as such director an Annual Report on Form 10-K; and any amendments thereto, hereby granting unto such attorney and agent full power of substitution and revocation in the premises; and hereby ratifying and confirming all that such attorney and agent may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 4th day of February 2003.

/s/Robert H. West

[redacted]

Robert H. West

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of February 2003, before me the undersigned, a Notary Public, personally appeared Robert H. West, to be known to be the person described in and who executed the foregoing instrument, and who, being by me first duly sworn, acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

/s/Jacquetta L. Hartman

[redacted]

Notary Public

My Commission Expires:
April 8, 2004

Exhibit 99.2

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 Annual Report on Form 10-K of Kansas City Power & Light Company (the "Company") for the annual period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bernard J. Beaudoin, as Chairman of the Board and Chief Executive Officer of the Company, and Andrea F. Bielsker, as Senior Vice President - Finance, Chief Financial Officer and Treasurer 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 or her 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/Bernard J. Beaudoin
Name: Bernard J. Beaudoin
Title: Chairman of the Board and Chief Executive Officer
Date: February 28, 2003

/s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance, Chief Financial Officer and Treasurer
Date: February 28, 2003

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.