

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended DECEMBER 31, 1994

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

COMMISSION FILE NUMBER 1-707

KANSAS CITY POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

44-0308720
(I.R.S. Employer
Identification No.)

1201 Walnut Street
Kansas City, Missouri
(Address of principal executive offices)

64106
(Zip Code)

Registrant's telephone number, including area code: 816-556-2200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Cumulative Preferred Stock par value \$100 per share - 3.80%, 4.50%, 4.35%	New York Stock Exchange
Common Stock without par value	New York Stock Exchange Chicago Stock Exchange

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. Yes X No

On March 23, 1995, the Company had 61,902,078 outstanding shares of common stock without par value, and the aggregate market value (based upon the closing price of these shares on the New York Stock Exchange) of voting securities held by nonaffiliates of the Company was approximately \$1,369,583,476.

Documents Incorporated by Reference

Portions of the Company's 1995 Notice of Annual Meeting of Stockholders and Proxy Statement are incorporated by reference in Part III of this report.

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PART I

ITEM 1. BUSINESS

The Company

Kansas City Power & Light Company (Company) was incorporated in Missouri in 1922 and is headquartered in downtown Kansas City, Missouri. The Company is a medium-sized public utility engaged in the generation, transmission, distribution and sale of electricity to over 424,000 customers in a 4,700 square mile area located in all or portions of 23 counties in western Missouri and eastern Kansas. About two-thirds of the total retail kilowatt-hour sales and revenue are from Missouri customers and the remainder from Kansas customers. Customers include 372,000 residences, 50,000 commercial firms, 2,000 industries, 12 municipalities and 32 other electric utilities. Retail revenues in Missouri and Kansas accounted for approximately 90% of the Company's total revenues in 1994. Wholesale firm power, bulk power sales and miscellaneous electric revenues accounted for the remainder of revenues. The Kansas City metropolitan area, from which about 95% of the Company's retail revenues are derived, is an agribusiness center and a major regional commercial center for wholesale, retail and service companies.

The Company as a regulated utility does not have direct competition for retail electric service in its service territory; however, there is competition in the generation of electricity and between electric and gas as an energy source.

KLT Inc., a wholly-owned subsidiary of the Company, was formed in 1992 as a holding company for various non-regulated business opportunities. See "Subsidiaries" on page 5 of this report. The Company also owns 47% of Wolf Creek Nuclear Operating Corporation, the operating company for the Wolf Creek Generating Station (Wolf Creek).

Regulation

The Company is subject to the jurisdiction of the Public Service Commission of the State of Missouri (MPSC), the State Corporation Commission of the State of Kansas (KCC), the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC) and certain other governmental regulatory bodies as to various phases of its operations, including rates, service, safety and nuclear plant operations, environmental matters and issuances of securities.

Rates

The Company's retail electric rates are regulated by the MPSC and KCC for sales within the respective states of Missouri and Kansas. FERC approves the Company's rates for wholesale bulk electricity sales. Firm electric sales are made by contractual arrangements between the entity being served and the Company.

The Company has not increased any of its retail or wholesale rates since 1988. Pursuant to a stipulation and agreement with the MPSC, the Company reduced Missouri retail rates by about 2.7 percent effective January 1, 1994 and agreed to a moratorium through 1995 on the filing of general retail rate increases or decreases in Missouri.

Environmental Matters

The Company, like other electric utilities, is subject to regulation by various federal, state and local authorities with respect to air and water emissions, waste disposal and other environmental matters. Environmental regulations and standards are subject to continual review and the Company cannot presently estimate any additional cost of meeting such new regulations or standards which might be established in the future, nor can it estimate the possible effect which any new regulations or standards could have upon its operations. However, the Company currently estimates that expenditures necessary to comply with environmental regulations during 1995 will not be material with the possible exceptions set forth below.

Air

The Clean Air Act Amendments of 1990 (Act) contain acid rain, air toxic and permitting provisions that affect the Company. The acid rain provisions established a two-phase utility pollution control program for reducing national SO₂ emissions by 10 million tons and Nox emissions by 2 million tons from 1980 levels. Compliance required the Company to

install continuous emission monitoring equipment (CEM) at all of its coal-fired electric generating facilities. The Company has completed the installation task and is currently involved with certifying this equipment. As of December 31, 1994, the Company had spent \$3.6 million of a budgeted \$5.245 million on this project. The Clean Air Act also calls for a study by the Environmental Protection Agency (EPA) of certain toxic emissions into the air. Based on the outcome of these studies, regulation of certain air toxic emissions, including mercury, could be required in the future. This study is scheduled to be completed in November of 1995. A final provision of the Act establishes a state operating permit program and annual state emission fees. Compliance costs and emission fees for meeting the requirements of this program are estimated at \$500,000 annually.

Water

The Company commissioned an environmental assessment of its Northeast Station and of its Spill Prevention Control and Countermeasure plan as required by the Clean Water Act. The assessment revealed contamination of the site by petroleum products, heavy metals, volatile and semi-volatile organic compounds, asbestos, pesticides and other regulated substances. Based upon studies and discussions with Burns & McDonnell, the cost of the cleanup could range between \$1.5 million and \$6 million.

Also, groundwater analysis has indicated that certain volatile organic compounds are moving through the Northeast site, just above bedrock, from unidentified sources off-site. The Missouri Department of Natural Resources (MDNR) was notified of the possible release of petroleum products and the presence of volatile organic compounds moving under the site. Monitoring and removal of free petroleum products continues at the site. MDNR has concluded that the volatile organic compounds originated from a source off-site. MDNR stated it will continue to investigate the source of the compounds. Because the Company believes it will not have liability in this matter, it has not performed a study regarding the possible cost of remediation of the flow of organic compounds.

Waste Disposal

The Comprehensive Environmental Response, Compensation and Liability Act (Superfund) established joint and several liability for persons and entities that generate, transport or deposit hazardous waste at contaminated sites, as well as the current owners of such sites and predecessors in title since the time such sites were contaminated.

Interstate Power Company of Dubuque, Iowa (Interstate) filed a lawsuit in 1989 against the Company in the Federal District Court for the District of Iowa seeking from the Company contribution and indemnity under the Superfund for cleanup costs of hazardous substances at the site of a demolished gas manufacturing plant in Mason City, Iowa. The plant was operated by the Company for very brief periods of time before the plant was demolished in 1952. The site and all other properties the Company owned in Iowa were sold to Interstate in 1957. On November 3, 1994, KCPL filed a feasibility study of potential remediation techniques for the site with the U. S. Environmental Protection Agency (EPA). EPA subsequently proposed that the contaminated soil should be incinerated. The court has set the issue of the allocation among the parties of cleanup costs for trial in September 1995. Management believes that its share of the estimated \$8 million clean-up costs will be between \$1 million to \$3 million.

Fuel Supply

The Company's principal sources of fuel for electric generation are coal and nuclear fuel. These fuels are expected to satisfy over 99% of the 1995 fuel requirements with the remainder provided by other sources including natural gas, oil and steam. The 1994 and estimated 1995 fuel mix, based on total Btu generation, are as follows:

	1994	Estimated 1995
Coal	75.4%	71.4%
Nuclear	24.2%	28.1%
Other	0.4%	0.5%

The fuel mix varies depending on the operation of Wolf Creek which requires a refueling and maintenance outage about every 18 months. The plant's next refueling and maintenance outage is scheduled for the spring of 1996.

Coal

The Company's average cost per million Btu of coal burned, excluding fuel handling costs, was \$0.89 in 1994, \$0.96 in 1993 and \$1.02 in 1992. The Company's cost of delivered coal is about two-thirds that of the regional average.

During 1995, approximately 10.6 million tons of coal (7.1 million tons, Company's share) are projected to be burned at the Company's generating units, including jointly-owned units. The Company 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 1996 through 2003, will satisfy approximately 95% of the projected coal requirements for 1995, 70% for 1996 and 1997, and 20% thereafter.

Nuclear

The Wolf Creek Nuclear Operating Corporation (WCNOC), which operates Wolf Creek, has on hand or under contract 63% of the uranium required to operate Wolf Creek through the year 2001, and the balance is expected to be obtained through open market or contract purchases.

Contracts are in place for 100% of Wolf Creek's uranium fuel enrichment services requirements for 1995-1997, 90% of such requirements for 1998-1999, and 95% of such requirements for 2000-2001, 0% for 2002-2004, and 100% for 2005-2014. The balance of the requirements is expected to be obtained through a combination of open market and contract purchases.

Contracts are in place for the conversion of sufficient uranium to uranium hexafluoride to meet Wolf Creek's uranium fuel requirements through 1996 as well as for the fabrication of uranium fuel assemblies to meet Wolf Creek's requirements through 2012.

High-Level Waste

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the United States Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent nuclear fuel and nuclear high-level waste. A permanent disposal site may not be available for the industry until 2010 or later, although an interim facility may be available earlier. Once a permanent site is available, the DOE will require spent nuclear fuel to be accepted on a priority basis with the owners of the oldest spent fuel given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2027. Wolf Creek contains a temporary on-site spent nuclear fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent nuclear fuel from plant operation until approximately 2006, while still maintaining full core off-load nuclear fuel storage capability. The Company believes adequate additional temporary storage space for Wolf Creek's nuclear waste can be obtained, as necessary.

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. The present estimate of the cost for such a facility is about \$147 million. WCNOC and the owners of the other five nuclear units in the compact have provided most of the pre-construction financing for this project. To date, the compact has spent in excess of \$64 million, of which \$9.5 million was WCNOC's share.

There is uncertainty as to whether this project will be completed. Significant opposition to the project has been raised by the residents in the area of the proposed facility and attempts have been made through litigation and proposed legislation to slow down or stop development of the facility. WCNOC has expanded its on-site temporary storage capacity in order to handle its low-level radioactive waste until such time as a disposal facility becomes available.

Employees

At December 31, 1994, the Company had 2,355 employees (including temporary employees), 1,570 of which were represented by three local unions of the International Brotherhood of Electrical Workers (IBEW). Included in the total number of employees are 304 located at LaCygne

Generating Station (LaCygne), 50% of whose services are attributable to Kansas Gas and Electric Company for its 50% share of LaCygne, and 130 located at Iatan Generating Station (Iatan), 30% of whose services are attributable to St. Joseph Light & Power Company and the Empire District Electric Company for their 18% and 12% shares of Iatan, respectively. The Company has labor agreements with Local 1613, representing clerical employees (which expires March 29, 1996), with Local 1464, representing outdoor workers (which expires January 8, 1997), and with Local 412, representing power plant workers (which expires February 28, 1998). The Company is also a 47% owner of WCNOG, which employs 1,184 persons to operate Wolf Creek, 310 of which are represented by the IBEW.

Subsidiaries

KLT Inc. had four wholly-owned subsidiaries as of December 31, 1994, which included KLT Investments Inc., a passive investor in affordable housing tax credit investments; KLT Energy Services Inc., a partner in an energy management services business; KLT Power Inc., a participant in independent power and cogeneration projects; and KLT Gas Inc., formed in 1994 to participate in oil and gas reserves and exploration. Since December 31, 1994, two additional subsidiaries have been incorporated. They are KLT Investments II Inc., which was formed to make additional passive investments in economic and community-development and energy-related fields, and KLT Telecom Inc., which will take advantage of investment opportunities in telecommunications and fiber optics. KCPL's equity investment in KLT Inc. at December 31, 1994, was \$37 million.

Officers of the Registrant

Company Officers

Name	Age	Positions Currently Held	Year Named Officer
Drue Jennings	48	Chairman of the Board, President and Chief Executive Officer	1980
Marcus Jackson	43	Senior Vice President-Power Supply	1989
J. Turner White	46	Senior Vice President-Retail Services	1990
Frank L. Branca	47	Vice President-Wholesale and Transmission Services	1989
Steven W. Cattron	39	Vice President-Marketing and Regulatory Affairs	1994
Charles R. Cole	48	Vice President-Customer Services	1990
John J. DeStefano	45	Vice President-Finance and Treasurer	1989
Jeanie Sell Latz	43	Vice President-Law and Corporate Secretary	1991
Douglas M. Morgan	52	Vice President-Technical Services	1995
Richard A. Spring	40	Vice President-Production	1994
Bailus M. Tate	48	Vice President-Human Resources	1994
Neil Roadman	49	Controller	1980
Mark C. Sholander	49	General Counsel and Assistant Secretary	1986

KLT Inc. Officers

Name	Age	Positions Currently Held	Year Named Officer
Bernard J. Beaudoin	54	President	1992
Ronald G. Wasson	50	Executive Vice President	1995
Floyd R. Pendleton	51	Vice President-Business Development	1992
Mark G. English	43	Vice President and General Counsel	1995

All of the foregoing persons have been officers of the Company or employees in a responsible position with the Company for the past five years except for Mr. Spring. Mr. Spring was an employee of the Company from 1978 to 1993, when he left the Company to join Northern Indiana Public Service Company as Director of Electric Production. In July 1994, he rejoined the Company as Vice President-Production.

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.

ITEM 2. PROPERTIES

Generation Resources

The Company's generating facilities consist of the following:

Unit	Year Completed	Estimated 1995 Megawatt(mw) Capacity	Fuel
Existing Units			
Base Load..Wolf Creek(a)	1985	548(b)	Nuclear
Iatan	1980	469(b)	Coal
LaCygne 2	1977	331(b)	Coal
LaCygne 1	1973	341(b)	Coal
Hawthorn 5	1969	457	Coal/Gas
Montrose 3	1964	161	Coal
Montrose 2	1960	152	Coal
Montrose 1	1958	150	Coal
Peak Load..Northeast 13 and 14(c)	1976	112	Oil
Northeast 17 and 18(c)	1977	108	Oil
Northeast 15 and 16(c)	1975	111	Oil
Northeast 11 and 12(c)	1972	99	Oil
Grand Avenue (2 units)	1929 & 1948	64	Gas
Total		3,103	

- (a) This unit is one of the Company's principal generating facilities and has the lowest fuel cost of any of its generating facilities. Any extended shutdown of the unit for any reason could have a substantial adverse effect on the operations of the Company and its financial condition.
- (b) Company's share of jointly-owned unit.
- (c) Combustion turbines.

The Company's maximum system net hourly peak load of 2,819 mw occurred on August 17, 1993. The maximum winter peak load of 1,829 mw occurred on December 21, 1989. The accredited generating capacity of the Company's electric facilities in the summer (when peak loads are experienced) of 1994 under MOKAN Power Pool standards was 3,098 mw.

The Company owns the Hawthorn Station (Jackson County, Missouri), Montrose Station (Henry County, Missouri), Northeast Station (Jackson County, Missouri) and two Grand Avenue Station turbine generators (Jackson County, Missouri). The Company also owns 50% of the 682-mw LaCygne 1 Unit and 662-mw LaCygne 2 Unit in Linn County, Kansas; 70% of the 670-mw Iatan Station in Platte County, Missouri; and 47% of the 1,167 mw Wolf Creek in Coffey County, Kansas.

The Company has entered into a contract with Siemens Power Corporation for the purchase of a V.84.3A combustion turbine-generator, to be installed by the year 1997, with an anticipated accredited capacity of approximately 136 mw.

Transmission and Distribution Resources

The Company's electric transmission system is interconnected with systems of other utilities to permit bulk power transactions with other electricity suppliers in Kansas, Missouri, Iowa, Nebraska and Minnesota. The Company is a member of the MOKAN Power Pool, which is a contractual arrangement among eleven utilities in western Missouri and Kansas which interchange electric energy, share reserve generating capacity, and provide emergency and standby electricity services to each other.

The Company owns approximately 1,700 miles of transmission lines and approximately 8,900 miles of overhead distribution lines, and

approximately 2,900 miles of underground distribution lines. The Company has all franchises necessary to sell electricity within the territories from which substantially all of its gross operating revenue is derived.

General

The Company's principal plants and properties, insofar as they constitute real estate, are owned in fee; certain other facilities are located on premises held under leases, permits or easements; and its 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 the Company, 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.

ITEM 3. LEGAL PROCEEDINGS

Inter-City Beverage Co., Inc. et. al vs. Kansas City Power & Light Company

On August 13, 1993, a lawsuit was filed by nine customers in the Circuit Court of Jackson County, Missouri against the Company. The suit alleged the misapplication of certain of the Company's electric rate tariffs resulting in overcharges to industrial and commercial customers which have been provided service under those tariffs and requested certification as a class action. On December 3, 1993, the Court dismissed the matter for lack of subject matter jurisdiction. Plaintiffs appealed to the Missouri Court of Appeals, Western District. The Court of Appeals upheld the dismissal. Plaintiffs then filed a motion to transfer the case with the Missouri Supreme Court. The motion was denied on January 24, 1995.

See "Environmental Matters - Waste Disposal" on page 3 and "Notes to Consolidated Financial Statements - Tax Matters" on page 32 of this report.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II

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

Market Information:

(1) Principal Market:

Common Stock of the Company is listed on the New York Stock Exchange and the Chicago Stock Exchange.

(2) Stock Price Information:

Quarter	Common Stock Price Range			
	1994		1993	
	High	Low	High	Low
First	\$23-1/4	\$20-5/8	\$25-1/8	\$22
Second	23	18-5/8	25-1/4	23-1/2
Third	22-1/2	19-1/4	26-1/4	24-3/8
Fourth	23-7/8	21-1/8	25	21-3/4

Holders:

At December 31, 1994, the Company's Common Stock was held by 31,613 shareholders of record.

Dividends:

Common Stock dividends were declared as follows:

Quarter	1995	1994	1993
First	\$0.38	\$0.37	\$0.36
Second		0.37	0.36
Third		0.38	0.37
Fourth		0.38	0.37

The Company's Restated Articles of Consolidation contains certain restrictions on the payment of dividends on the Company's Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	1994	Year Ended December 31				1990
		1993	1992	1991		
		(thousands)				
Operating revenues	\$ 868,272	\$ 857,450	\$ 802,668	\$ 825,101	\$ 815,570	
Net income	\$ 104,775	\$ 105,772	\$ 86,334	\$ 103,893	\$ 102,732	
Earnings per common share	\$ 1.64	\$ 1.66	\$ 1.35	\$ 1.58	\$ 1.56	
Total assets at year-end	\$2,770,397	\$2,755,068	\$2,646,923	\$2,615,039	\$2,598,859	
Total redeemable preferred stock and long-term debt (including current maturities)	\$ 833,485	\$ 869,908	\$ 816,625	\$ 824,756	\$ 852,645	
Cash dividends per common share	\$ 1.50	\$ 1.46	\$ 1.43	\$ 1.37	\$ 1.31	
Ratio of earnings to fixed charges	4.07	3.80	3.12	3.22	2.96	

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

REGULATION AND COMPETITION

The electric utility industry is currently undergoing fundamental changes in response to increasing competition. To achieve its desired market position in this changing environment, the Company continues to modify its business processes to operate more efficiently and cost effectively, and is developing energy related businesses through its subsidiary, KLT Inc. In order to take advantage of opportunities presented through increased competition, the Company may, from time to time, consider various business strategies including partnerships, acquisitions, combinations, additions to or dispositions of service territory, and restructuring of wholesale and retail businesses.

The National Energy Policy Act of 1992 (NEPA) gave the Federal Energy Regulatory Commission (FERC) the authority to require electric utilities to provide wholesale transmission line access (wholesale wheeling) to independent power producers (IPPs) and other utilities. Although NEPA prohibits FERC from ordering retail wheeling (allowing retail customers to select a different power producer and use the transmission facilities of the host utility to deliver the energy), it does not prevent the state commissions from doing so. The state commissions however, may be preempted by other provisions of the Federal Power Act or relevant provisions of state laws.

Although the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC) have not changed regulatory policy relating to mandated wholesale or retail competition, certain other state commissions are actively planning the transition to a competitive environment. If retail wheeling were allowed or mandated, the competition would present growth opportunities for low-cost energy producers and risks for higher-cost producers with large industrial customers able to select less expensive providers. The loss of major customers could result in under-utilized assets (stranded investment) placing a costly burden on the remaining customer base or shareholders. The Company believes it is positioned well and has a diverse customer mix with less than 16% of total sales derived from industrial customers as compared to the utility average of approximately 35%. Its industrial rates are competitively priced compared to the regional average and its rate structure allows flexibility in setting rates. In addition, long-term contracts are in place or under negotiation for a significant portion of the Company's industrial sales.

Increased competition could also force utilities to change accounting methods. Financial Accounting Standards Board (FASB) Statement No. 71-Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. An entity's operations could cease to meet the requirements of FASB 71 for various reasons, including a change in regulation or a change in the competitive environment for a company's regulated services. For those operations no longer meeting the requirements of regulatory accounting, regulatory assets would be written off and other assets adjusted and evaluated for impairment. In a competitive environment, asset recoverability would be determined using market-based rates which could be lower than traditional cost-based rates. The Company has not had direct competition for retail electric service in its service territory although there has been competition in the bulk power market and between alternative fuels. See Note 1 to the Consolidated Financial Statements for a discussion of the Company's regulatory assets which will be maintained as long as the Company continues to meet the requirements of FASB 71.

NON-REGULATED OPPORTUNITIES

KLT Inc. was formed in 1992 as a holding company to pursue non-regulated, energy related business ventures to supplement the growth from electric utility operations. KLT Inc. has invested in the following wholly-owned, non-regulated subsidiaries: KLT Power Inc. (non-regulated power production), KLT Energy Services Inc. (energy services including energy audits and efficient equipment), KLT Gas Inc. (oil and gas reserves), and KLT Investments Inc. (passive investment opportunities including affordable housing limited partnerships). As of December 31, 1994, the consolidated assets of KLT Inc. totaled approximately \$90 million, including capital contributions from Kansas City Power & Light Company of \$37 million. Management anticipates total subsidiary assets of up to \$800 million within the next 10 years, consisting of approximately \$200 million in equity investment from Kansas City Power & Light Company and the remainder through subsidiary borrowings.

KILOWATT-HOUR (KWH) SALES AND ELECTRIC OPERATING REVENUES

Sales and revenue data:

	Increase (Decrease) from Prior Year			
	1994		1993	
	Kwh	Revenues (millions)	Kwh	Revenues (millions)
Retail sales:				
Residential	2 %	\$ 1	13 %	\$ 30
Commercial	3 %	1	3 %	9
Industrial	2 %	(5)	3 %	3
Other	(4)%	-	1 %	-
Total retail	2 %	(3)	6 %	42
Sales for resale:				
Bulk power sales	27 %	15	27 %	13
Other	(20)%	(1)	5 %	-
Total operating revenues		\$ 11		\$ 55

Effective January 1, 1994, Missouri retail rates were reduced 2.66%, or approximately \$12.5 million annually, resulting from the end of the Wolf Creek Generating Station (Wolf Creek) rate phase-in amortization. Other tariffs have not changed materially since 1988. However, the amortization of the Regulatory Asset-Deferred Wolf Creek Costs ends in 1996 and may result in future rate adjustments. By agreement with the MPSC and public counsel, none of the parties can unilaterally file for a general increase or decrease in Missouri retail rates to be effective prior to January 1, 1996. Approximately two-thirds of the Company's retail sales are to Missouri customers.

Despite the Missouri rate reduction, residential and commercial revenues increased in 1994 reflecting load growth and more normal weather patterns compared to 1993 and 1992. Based on cooling degree days above 65 degrees Fahrenheit, summer temperatures remained below normal for the third consecutive year, although 1994 temperatures increased slightly over the mild temperatures of 1993 and significantly over the abnormally cool temperatures of 1992.

While industrial kwh sales continued to increase, 1994 industrial revenues decreased from 1993 reflecting the 2.66% Missouri rate reduction, customized long-term sales contracts and additional load management curtailment credits. The Company has entered into long-term sales contracts with major industrial customers to respond to their needs in return for their commitment to purchase energy from the Company. Long-term contracts are in place or under negotiation for a significant portion of the Company's industrial sales. Curtailment credits were granted to certain industrial customers in exchange for reduced energy consumption during peak periods. Both programs have enhanced the Company's competitive position and improved overall power generating efficiencies and load factors, while boosting consumption and providing short-term and long-term capacity savings.

Increases in bulk power sales during 1994 and 1993 reflect higher unit availability and greater emphasis on new interchange markets.

Total revenue per kwh sold varies with changes in the mix of kwh sales among customer classifications and the effect on certain classifications of declining price per kwh as usage increases. An automatic fuel adjustment provision applies to less than 1% of revenues.

Future kwh sales and revenues per kwh will be affected by national and local economic conditions, weather conditions and customer conservation efforts. Competitive forces, including alternative sources of energy such as natural gas, cogeneration, IPPs and other electric utilities, may also affect future sales and revenue. The level of bulk power sales in the future will depend upon system requirements, generating unit availability, fuel costs and the requirements of other electric systems.

FUEL AND PURCHASED POWER

Although combined fuel and purchased power costs have increased since 1992 to support additional sales, the price of delivered coal has decreased more than 13% during that time. This decrease is due largely to reduced freight rates and favorable spot market conditions during recent years. Spot market purchases have allowed the Company to acquire coal at prices below long-term contract rates. However, due to increasing demand for low-sulfur coal, the Company is again securing a larger percentage of coal through medium-term agreements. The cost of nuclear fuel has increased more than 10% since 1992. Based on contract prices and projected future spot market prices, the cost of nuclear fuel is expected to increase from its current level of 40% to roughly 50% of the price of coal by 1996. Coal accounts for approximately 75% of generation and nuclear fuel about 25%.

Increases in fuel costs during 1994 and 1993 were also partially offset by lower replacement power expenses associated with Wolf Creek outages (including the ongoing accrual discussed in Note 1 to the Consolidated Financial Statements-Wolf Creek Refueling Outage Costs). Replacement power expenses for 1994 decreased \$2 million from 1993 reflecting Wolf Creek's 47 day refueling and maintenance outage versus the 73 day refueling outage in 1993. The 1993 expenses decreased \$6 million from 1992 when the unit experienced unexpected outages.

The Company has entered into capacity purchase contracts to provide a cost-effective alternative to constructing new capacity. These purchases, included in purchased power, have increased from \$7 million in 1992 to \$13 million in 1994.

OTHER OPERATION AND MAINTENANCE EXPENSES

Other operation expenses for 1994 increased over 1993 due primarily to the costs associated with a voluntary early retirement program. The Company expensed \$22.5 million (\$0.22 per share) during 1994 representing total program costs. These costs were partially offset by the savings from reduced payroll and benefits after the June 30, 1994 retirements. Savings are expected to offset the program costs in less than two years.

Other operation expenses increased during 1993 reflecting increased generating plant production expenses and higher levels of administrative and general expenses. These increases are due mainly to increased wages and employee benefits, and the accrual of postretirement benefits which began in 1993 (see Note 2 to the Consolidated Financial Statements).

The Company continues to place increased emphasis on new technologies, improved methods and cost control. Processes are being changed to provide increased efficiencies and improved operations. Through the use of cellular technology, a majority of customer meters will be read automatically by the end of 1996. These types of changes have allowed the Company to assimilate work performed by those who elected to participate in the early retirement program.

GENERAL TAXES

Components of general taxes (in thousands):

	1994	1993	1992
Property taxes	\$ 46,895	\$ 45,545	\$ 44,300
Gross receipts taxes	40,397	40,659	39,232
Other general taxes	9,070	9,455	8,929
Total general taxes	\$ 96,362	\$ 95,659	\$ 92,461

Increases in property taxes since 1992 reflect increases in state and local tax levies and assessments. Gross receipts tax varies directly with Missouri billed revenues.

OTHER INCOME AND DEDUCTIONS

The 1994 income tax benefit includes amounts related to corporate-owned life insurance contracts, and tax benefits resulting from affordable housing credits and interest deductions. Miscellaneous for 1992 includes gains from the sale of property and other contract settlements.

INTEREST CHARGES

Declines in long-term interest expense since 1992 reflect lower average interest rates and the retirement, repayment or refinancing of debt. The Company's average interest rate on long-term debt, including current maturities, declined to 5.4% in 1994 compared to 6.0% in 1993 and 6.6% in 1992.

Variances in short-term interest expense reflect the changing levels of short-term debt outstanding. The average daily outstanding balance of short-term debt was \$23, \$16 and \$60 million in 1994, 1993, and 1992, respectively.

EARNINGS PER SHARE (EPS)

EPS for 1994 decreased only \$0.02 from 1993 despite the one-time \$22.5 million (\$0.22 per share) impact of the voluntary early retirement program (see Note 2 to the Consolidated Financial Statements).

Summer temperatures remained below normal in 1994 and 1993, despite an increase in both years over the abnormally cool summer temperatures of 1992. Based on a statistical relationship between kwh sales and the differences in actual and normal temperatures for the year, the effects of abnormal weather for the last three years were estimated as follows:

	1994	1993	1992
Estimated decrease in EPS due to abnormal weather	\$ (0.07)	\$ (0.10)	\$ (0.35)

Compared to the prior year, EPS for 1994 and 1993 also reflects increasing bulk power sales, decreasing delivered coal costs, and lower average interest rates resulting from the refinancing of a significant portion of long-term debt. Both years reflect heavy emphasis on cost control, minimizing the effects of inflation on operating expenses. In addition, expenses associated with Wolf Creek outages decreased from 1992, positively affecting 1993 EPS by \$0.06.

WOLF CREEK

Wolf Creek is one of the Company's principal generating facilities representing approximately 18% of accredited generating capacity. The plant's operating performance has remained strong, contributing approximately 25% of the Company's annual kwh generation while operating at an average capacity of 83% over the last three years. It has the lowest fuel cost of any of the Company's generating units. During 1994, Wolf Creek completed its seventh scheduled refueling and maintenance outage in 47 days, a plant record. The plant's next refueling and maintenance outage is scheduled for the spring of 1996.

Wolf Creek's assets and operating expenses represent approximately 50% and 20% of the Company's total assets and operating expenses, respectively. Currently no major equipment replacements are anticipated, but an extended shut-down of the unit could have a substantial adverse effect on the Company's business, financial condition and results of operations. Higher replacement power and other costs would be incurred as a result. Although not expected, an unscheduled plant shut-down could be caused by actions of the Nuclear Regulatory Commission reacting to safety concerns at the plant or other similar nuclear facilities. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes the Company to potential retrospective assessments and property losses in excess of insurance coverage. These risks are more fully discussed in Note 4 to the Consolidated Financial Statements-Commitments and Contingencies-Nuclear Liability and Insurance.

ENVIRONMENTAL MATTERS

The Company's policy is to act in an environmentally responsible manner and utilize the latest technological processes available to avoid and treat contamination. The Company continually conducts environmental audits designed to assure compliance with governmental regulations and detect contamination. However, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations which could require substantial changes to operations or facilities.

See Note 4 to the Consolidated Financial Statements-Commitments and Contingencies-Environmental Matters for a discussion of costs of compliance with environmental laws and regulations and a potential liability (which management believes is not material to its financial condition or results of operations) for cleanup costs under the Federal Superfund law.

Clean Air Act Amendments of 1990 contain two programs significantly affecting the utility industry. The Company has spent \$3.6 million for the installation of continuous emission monitoring equipment to satisfy the requirements under the acid rain provision. Future acid rain program regulations may require further capital expenditures, which cannot be estimated at this time. The other utility-related program calls for a study of certain air toxic substances. Based on the outcome of this study, regulation of air toxic substances, including mercury, could be required. Management cannot predict the likelihood of any such regulations or compliance costs.

PROJECTED CONSTRUCTION EXPENDITURES

Construction expenditures, excluding subsidiaries and allowance for funds used during construction, were \$125 million in 1994 and are projected for the next five years as follows:

	Construction Expenditures					Total
	1995	1996	1997	1998	1999	
						(millions)
Generating facilities	\$ 47	\$ 63	\$ 52	\$ 54	\$ 134	\$350
Nuclear fuel	21	5	23	20	9	78
Transmission facilities	9	10	6	15	19	59
Distribution and general facilities	65	56	47	48	49	265
Total	\$ 142	\$134	\$ 128	\$137	\$ 211	\$752

This five year resource plan includes \$146 million of forecasted costs for three new 136 megawatt gas-fired combustion turbines scheduled to be completed from 1997 through 2000. The need for generating capacity additions has been delayed through fixed-price purchased capacity contracts (see Note 4 to the Consolidated Financial Statements-Commitments and Contingencies-Long-Term Coal Contracts). Management believes these contracts provide a more cost-effective approach to meeting uncertain levels of sales demand growth when compared to the long-term fixed costs associated with building new capacity, despite risks associated with market price fluctuations. This resource plan is subject to periodic review and modification. The next plan will be submitted to the MPSC in July 1997.

CAPITAL REQUIREMENTS AND LIQUIDITY

Management believes it will be able to meet a significant portion of the projected construction expenditures with internally-generated funds. It is anticipated that funds for \$208 million of maturing debt through 1999 will be provided from operations, refinancings or short-term debt. As of December 31, 1994, the Company had \$157 million of registered but unissued Medium-Term Notes and \$159 million of unused bank lines of credit. Uncertainties affecting the Company's ability to meet these requirements with internally-generated funds include such items as the effect of inflation on operating expenses, the level of kwh sales, regulatory actions, compliance with future environmental regulations, and the availability of generating units. The Company might incur additional debt and/or issue additional equity to finance growth or take advantage of new opportunities.

In January 1994, Moody's Investors Service upgraded the credit ratings of the Company's bonds due to improved financial profile and low-cost operations. The Company's long-term debt was upgraded as follows: secured pollution control bonds to A1 from A2; general mortgage bonds-medium-term notes to A1 from A3; unsecured pollution control bonds to A2 from Baa1; and, preferred stock to a2 from a3. In addition, in 1993 Standard & Poor's Corporation and Duff & Phelps upgraded the Company's general mortgage bonds as follows: Standard & Poor's from A- to A; and Duff & Phelps from A to A+. Improved ratings will make it less costly to raise funds when needed and will contribute to continued strength while meeting the challenge of increased competition in the utility industry.

The capital structure at December 31, 1994 (including current maturities of long-term debt) consisted of approximately 50% common stock equity, 5% preferred stock and 45% long-term debt. Management's intent is to maintain a capital structure with approximately equal percentages of common stock equity and long-term debt.

The Company currently uses an accelerated depreciation method for tax purposes. Application of this method on the Wolf Creek plant has reduced the Company's tax payments during the last three years by approximately \$30 million per year. Accelerated depreciation on Wolf Creek ended in 1994. Management is implementing various tax planning strategies, including investing in affordable housing partnerships and purchasing corporate-owned life insurance contracts, to minimize future tax payments resulting from the loss of this depreciation deduction.

See Note 4 to the Consolidated Financial Statements-Commitments and Contingencies-Tax Matters for a discussion of the Company's federal income tax returns for the years 1985 through 1992 which are presently under audit by the Internal Revenue Service.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	1994	1993	1992
	(Thousands)		
ELECTRIC OPERATING REVENUES	\$868,272	\$857,450	\$802,668
OPERATING EXPENSES			
Operation			
Fuel	135,106	130,117	130,032
Purchased power	33,929	31,403	21,868
Other	202,304	184,633	175,937
Maintenance	72,468	78,550	81,163
Depreciation	94,361	91,110	88,768
Taxes			
Income (Note 3)	70,949	69,502	51,691
General	96,362	95,659	92,461
Amortization of:			
MPSC rate phase-in plan (Note 1)	0	7,072	7,072
Deferred Wolf Creek costs (Note 1)	13,102	13,102	13,102
Total	718,581	701,148	662,094
OPERATING INCOME	149,691	156,302	140,574
OTHER INCOME AND DEDUCTIONS			
Allowance for equity funds used during construction	2,087	2,846	1,073
Miscellaneous	(4,159)	(2,486)	2,595
Income taxes (Note 3)	4,572	1,549	(505)
Total	2,500	1,909	3,163
INCOME BEFORE INTEREST CHARGES	152,191	158,211	143,737
INTEREST CHARGES			
Long-term debt	43,962	50,118	54,266
Short-term notes	1,170	750	2,749
Miscellaneous	4,128	4,113	2,173
Allowance for borrowed funds used during construction	(1,844)	(2,542)	(1,785)
Total	47,416	52,439	57,403
YEARLY RESULTS			
Net income	104,775	105,772	86,334
Preferred stock dividend requirements	3,457	3,153	3,062
Earnings available for common stock	101,318	102,619	83,272
Average number of common shares outstanding	61,903,437	61,908,726	61,908,726
Earnings per common share	\$1.64	\$1.66	\$1.35
Cash dividends per common share	\$1.50	\$1.46	\$1.43

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

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS

	December 31 1994	December 31 1993
	(Thousands)	
ASSETS		
UTILITY PLANT, at original cost (Notes 1, 8 and 9)		
Electric	\$3,330,478	\$3,240,384
Less-Accumulated depreciation	1,092,436	1,019,714
Net utility plant in service	2,238,042	2,220,670
Construction work in progress	57,294	67,766
Nuclear fuel, net of amortization of \$66,773,000 and \$ 76,722,000	40,806	29,862
Total	2,336,142	2,318,298
REGULATORY ASSET - DEFERRED WOLF CREEK COSTS (Note 1)	18,752	29,118
REGULATORY ASSET - RECOVERABLE TAXES (Note 1)	120,000	122,000
INVESTMENTS AND NONUTILITY PROPERTY	98,429	28,454
CURRENT ASSETS		
Cash and cash equivalents	20,217	1,539
Special deposits	0	60,118
Receivables		
Customer accounts receivable (Note 5)	24,513	29,320
Other receivables	22,604	19,340
Fuel inventories, at average cost	16,570	14,550
Materials and supplies, at average cost	44,953	44,157
Prepayments	5,138	4,686
Deferred income taxes (Note 3)	1,444	3,648
Total	135,439	177,358
DEFERRED CHARGES		
Regulatory assets (Note 1)		
Settlement of fuel contracts	16,625	20,634
KCC Wolf Creek carrying costs	6,839	9,575
Other	27,909	31,899
Other deferred charges	10,262	17,732
Total	61,635	79,840
Total	\$2,770,397	\$2,755,068

KANSAS CITY POWER & LIGHT COMPANY
LIABILITIES

CAPITALIZATION (Notes 7 and 8) (See Statements)

Common stock-authorized 150,000,000 shares without par value-61,908,726 shares issued - stated value	\$449,697	\$449,697
Retained earnings	426,738	418,201
Capital stock premium and expense	(1,736)	(1,747)
Common stock equity	874,699	866,151
Cumulative preferred stock	89,000	89,000
Cumulative redeemable preferred stock	1,596	1,756
Long-term debt	798,470	733,664
Total	1,763,765	1,690,571

CURRENT LIABILITIES

Notes payable to banks (Note 6)	1,000	4,000
Commercial paper (Note 6)	31,000	25,000
Current maturities of long-term debt	33,419	134,488
Accounts payable	73,486	59,421
Dividends payable	423	423
Accrued taxes	24,684	27,800
Accrued interest	12,209	15,575
Accrued payroll and vacations	19,594	20,127
Accrued refueling outage costs (Note 1)	2,120	7,262
Other	7,221	8,531
Total	205,156	302,627

DEFERRED CREDITS AND OTHER LIABILITIES

Deferred income taxes (Note 3)	644,139	627,819
Deferred investment tax credits	82,840	87,185
Other	74,497	46,866
Total	801,476	761,870

COMMITMENTS AND CONTINGENCIES (Note 4)

Total	\$2,770,397	\$2,755,068
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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		
	1994	1993	1992
	(thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$104,775	\$105,772	\$86,334
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	94,361	91,110	88,768
Amortization of:			
Nuclear fuel	10,136	8,705	9,583
Deferred Wolf Creek costs	13,102	13,102	13,102
MPSC rate phase-in plan	0	7,072	7,072
Other	9,608	8,234	5,921
Deferred income taxes (net)	20,524	25,502	23,979
Deferred investment tax credits (net)	(4,345)	(4,345)	(4,521)
Allowance for equity funds used during construction	(2,087)	(2,846)	(1,073)
Cash flows affected by changes in:			
Receivables	1,543	(10,245)	2,848
Fuel inventories	(2,020)	6,075	(859)
Materials and supplies	(796)	1,106	654
Accounts payable	14,065	(17,741)	4,838
Accrued taxes	(3,116)	7,936	2,404
Accrued interest	(3,366)	2,626	488
Wolf Creek refueling outage accrual	(5,142)	(5,338)	12,600
Pension and postretirement benefit obligations (Note 2)	32,203	1,905	(2,753)
Other operating activities	(2,860)	4,514	4,352
Net cash provided by operating activities	276,585	243,144	253,737
CASH FLOWS FROM INVESTING ACTIVITIES			
Construction expenditures	(124,965)	(129,199)	(129,559)
Allowance for borrowed funds used during construction	(1,844)	(2,542)	(1,785)
Purchases of investments	(67,560)	(7,351)	(2,396)
Other investing activities	5,624	7,657	(2,193)
Net cash used in investing activities	(188,745)	(131,435)	(135,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	133,793	324,846	134,750
Issuance of preferred stock	0	0	50,000
Retirement of long-term debt	(170,170)	(271,480)	(143,230)
Retirement of preferred stock	0	0	(13,000)
Special deposit for the retirement of debt	60,118	(60,118)	0
Premium on reacquired stock and long-term debt	0	(4,077)	(2,321)
Increase (decrease) in short-term borrowings	3,000	(4,000)	(53,000)
Dividends paid	(96,238)	(93,556)	(91,277)
Other financing activities	335	(1,913)	274
Net cash used in financing activities	(69,162)	(110,298)	(117,804)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	18,678	1,411	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	1,539	128	128
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	\$20,217	\$1,539	\$128
CASH PAID DURING THE YEAR FOR:			
Interest, net of amount capitalized	\$48,246	\$47,361	\$55,223
Income taxes	\$53,720	\$40,141	\$32,995

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

CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND LONG-TERM DEBT

	December 31	
	1994	1993
	(thousands)	
CUMULATIVE PREFERRED STOCK (Note 7)		
\$100 Par		
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
No Par		
4.80%* - 500,000 shares issued	50,000	50,000
Total	\$89,000	\$89,000
CUMULATIVE REDEEMABLE PREFERRED STOCK (Note 7)		
\$100 Par		
4.00% - 15,957 and 17,557 shares issued	\$1,596	\$1,756
LONG-TERM DEBT (EXCLUDING CURRENT MATURITIES) (Note 8)		
First Mortgage Bonds		
5.875% series due 2007	\$0	\$21,940
General Mortgage Bonds		
Medium-Term Notes due 1996-2008, 6.82% and 6.78% weighted average rate at December 31	395,500	378,750
5.25%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	122,846
Guaranty of Pollution Control Bonds		
5.75% series due 2003	0	13,742
4.31%* due 2015-17	196,500	196,500
Subsidiary Obligations		
Notes due 2000-04, 8.38% weighted average rate at December 31	47,702	0
Unamortized Discount	0	(114)
Total	\$798,470	\$733,664

* Variable rate securities, weighted average rate as of December 31, 1994

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31		
	1994	1993	1992
	(thousands)		
Beginning Balance	\$418,201	\$405,985	\$411,161
Net Income	104,775	105,772	86,334
	522,976	511,757	497,495
Premium on Reacquired Preferred Stock	0	0	233
Dividends Declared:			
Preferred Stock, at required rates	3,384	3,169	2,747
Common Stock - \$1.50, \$1.46 and \$1.43 per share	92,854	90,387	88,530
Ending Balance (Note 7)	\$426,738	\$418,201	\$405,985

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

KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

The consolidated financial statements include the accounts of Kansas City Power & Light Company and KLT Inc., a wholly-owned, nonutility subsidiary. KLT Inc. was formed in 1992 as a holding company for various non-regulated business ventures.

Intercompany balances and transactions have been eliminated. Kansas City Power & Light Company's equity investment in KLT Inc. was \$37 and \$5 million at December 31, 1994 and 1993, respectively. KLT Inc.'s revenues and expenses have been classified under Other Income and Deductions and Interest Charges in the Consolidated Statements of Income.

Accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with maturities of three months or less.

Fair Value of Financial Instruments

The stated values of financial instruments at December 31, 1994 and 1993 approximate fair market values. If quoted market prices were not available, the Company's incremental borrowing rate for similar types of debt was used to determine fair value.

Investments in Affordable Housing Limited Partnerships

Through December 31, 1994, KLT Investments Inc., a subsidiary of KLT Inc., had invested \$54 million in affordable housing limited partnerships. The investments are recorded at cost and tax credits are recognized in the year utilized.

Utility Plant

Utility plant is stated at historical costs of construction. These costs include taxes, an allowance for funds used during construction (AFDC) and payroll-related costs including pensions and other fringe benefits. Additions of, and replacements and improvements 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, including removal charges, net of salvage is charged to accumulated depreciation.

AFDC represents the cost of borrowed funds and a return on equity funds used to finance construction projects and is capitalized as a cost of construction work in progress. The portion attributable to borrowed funds is reflected as a reduction of interest charges while the portion applicable to equity funds is shown as a non-cash item of other income. When a construction project is placed in service, the related AFDC, as well as other construction costs, is used to establish rates under regulatory rate practices. The rates used to compute gross AFDC are compounded semi-annually and averaged 7.8% for 1994, 8.3% for 1993 and 6.6% for 1992.

Depreciation is computed on a straight-line basis over the estimated lives of depreciable property based on rates approved by state regulatory authorities. Average annual composite rates approximated 2.9% during the last three years.

Wolf Creek Refueling Outage Costs

Forecasted incremental costs to be incurred during scheduled Wolf Creek Generating Station (Wolf Creek) refueling outages are accrued evenly (monthly) over the unit's operating cycle, normally about 18 months. These incremental costs include operating, maintenance and replacement power expenses.

Nuclear Plant Decommissioning Costs

Estimated decommissioning costs for Wolf Creek were revised in 1994 by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC). The estimates for decontamination, dismantlement and site restoration costs were based on the immediate dismantlement method. Decommissioning of the plant is not expected to start before 2025. The following table shows each commission's estimated costs and assumptions (in 1993 dollars):

	KCC	MPSC
Undiscounted decommissioning costs:		
Total Station	\$1.3 billion	\$1.8 billion
47% share	\$595 million	\$859 million
Discounted decommissioning costs:		
Total Station	\$370 million	\$370 million
47% share	\$174 million	\$174 million
Annual escalation factor	3.45%	4.50%
Annual return on trust assets	6.48%	7.66%

These estimated costs are higher than prior estimates primarily due to significant increases in assumed disposal costs for low-level radioactive waste. Previously, total discounted decommissioning costs were estimated by the KCC in 1989 to be \$206 million (in 1988 dollars) and, by the MPSC in 1992 to be \$347 million (in 1990 dollars).

The Company contributes to a tax-qualified decommissioning trust fund (approximately \$3 million for each of the last three years) to be used to decommission the unit. These costs are charged to other operation expenses and recovered over the expected life of the plant. Recent tax law changes regarding nuclear decommissioning trust funds allow for investments in higher yielding securities. Increases in annual contributions are not anticipated during the next two years.

As of December 31, 1994 and 1993, the trust fund balance, including reinvested earnings, was \$19 and \$14 million, respectively. These amounts are reflected in the Consolidated Balance Sheets under Investments and Nonutility Property with the related liabilities for decommissioning included in Deferred Credits and Other Liabilities-Other.

The Financial Accounting Standards Board (FASB) is currently reviewing the accounting for nuclear plant decommissioning obligations including the balance sheet presentation of estimated decommissioning costs and the accounting treatment of trust fund earnings.

Nuclear Fuel

Nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electricity. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. Currently, the Company pays a quarterly fee of one mill per kilowatt-hour of net nuclear generation to the DOE for future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense and recovered through rates.

A permanent disposal site may not be available for the industry until 2010 or later, although an interim facility may be available earlier. Once a permanent site is available, the DOE will require spent nuclear fuel to be accepted on a priority basis with the owners of the oldest spent fuel given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2027. Wolf Creek has an on-site, temporary storage facility for spent nuclear fuel which, under current regulatory guidelines, can provide storage space until approximately 2006. Management believes additional temporary storage space can be constructed or obtained as necessary.

Regulatory Assets

FASB Statement No. 71-Accounting for Certain Types of Regulation applies to regulated entities whose rates are designed to recover the cost of providing service. FASB 71 allows certain items that would normally be reflected in net income to be deferred on the balance sheet. These items are then amortized as the related amounts are reflected in rates. The Company recognizes regulatory assets when authorized by a commission's rate order or when it is probable, based on historical regulatory precedent, that future rates will recover amortization of the costs. If subsequent recovery is no longer probable, any unamortized balance, net of tax, would reduce net income.

Deferred Wolf Creek Costs

KCC and MPSC orders provided for continued construction accounting for ratemaking purposes after Wolf Creek's September 3, 1985 commercial in-service date through September 30, 1985 and May 5, 1986, respectively. The commissions also authorized the deferral of certain other carrying costs. These deferrals are being amortized and recovered in rates over an approximate 10 year period.

Recoverable Taxes

See Income Taxes below for discussion.

Settlement of Fuel Contracts

The Company deferred the cost incurred to terminate certain coal purchase contracts. These costs are being amortized over various periods ending in 2002.

KCC Wolf Creek Carrying Costs

As ordered by the KCC, certain Wolf Creek carrying costs were deferred through June 1991. The recovery and corresponding amortization of this deferral over six years began in July 1991.

MPSC Rate Phase-In Plan

Under the MPSC's 1986 Wolf Creek rate phase-in plan, the Company deferred a cash recovery of a portion of the cost of equity plus carrying costs on the deferral. The amortization and recovery were completed in December 1993 resulting in a 2.66% rate reduction effective January 1, 1994 (approximately \$12.5 million annually) applied evenly to the Company's Missouri retail customer classes. By agreement with the MPSC and public counsel, none of the parties can unilaterally file for a general increase or decrease in Missouri retail electric rates prior to January 1, 1996. Approximately two-thirds of total retail sales are to Missouri customers.

Other

Other regulatory assets include premium on redeemed debt, deferred flood costs, the deferral of costs to decommission and decontaminate federal uranium enrichment facilities and other costs. These deferrals are amortized over various periods extending to 2023.

Revenue Recognition

The Company utilizes cycle billing and accrues an estimate for unbilled revenue at the end of each reporting period.

Income Taxes

FASB Statement No. 109-Accounting for Income Taxes requires deferred tax liabilities and assets be established for all temporary differences caused when the tax basis of an asset or liability differs from that reported in the financial statements. These deferred tax assets and liabilities are determined using the tax rates scheduled by the tax law to be in effect when the temporary differences reverse.

Regulatory Asset-Recoverable Taxes primarily reflects the future revenue requirements necessary to recover the tax benefits of existing temporary differences flowed through to ratepayers in the past. During 1993, the net change in Regulatory Asset-Recoverable Taxes and Deferred income taxes included a \$40 million increase resulting from the changes in the federal and Missouri state income tax laws effective January 1, 1993 and January 1, 1994, respectively. Although the Company calculates its deferred tax assets and liabilities pursuant to FASB 109, operating income tax expense is recorded in accordance with ratemaking principles. However, if FASB 109 were reflected in the Consolidated Statements of Income, net income would remain the same.

Investment tax credits are deferred when utilized and amortized to income 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. Management believes it has recorded all appropriate costs related to environmental matters.

2. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Early Retirement Program

In March 1994, the Company offered a voluntary early retirement program to 411 eligible management and union employees. On June 30, 1994, 332 employees, or 81%, of eligible employees retired under the program. The Company expensed estimated program costs of \$14 million (\$0.14 per share) during the first quarter of 1994 and \$10.2 million (\$0.10 per share) during the second quarter. Based on a final actuarial valuation, a \$1.7 million (\$0.02 per share) reduction in expense was recorded during the fourth quarter resulting in total pension and postretirement program costs to the Company of \$16.5 and \$6.0 million, respectively (\$0.22 per share).

Pension Plans

The Company has defined benefit pension plans for all its regular employees, including officers, providing benefits upon retirement. In accordance with the Employee Retirement Income Security Act of 1974, the Company has satisfied its minimum funding requirements. Benefits under these plans reflect the employee's compensation, years of service and age at retirement.

Funded status of the plans:

	December 31	
	1994	1993
	(thousands)	
Accumulated Benefit Obligation:		
Vested	\$ 219,111	\$ 209,193
Non-vested	4,595	6,296
Total	\$ 223,706	\$ 215,489
Determination of Plan Assets		
less Obligations:		
Fair value of plan assets (a)	\$ 301,245	\$ 315,179
Projected benefit obligation (b)	269,124	279,525
Difference	\$ 32,121	\$ 35,654
Reconciliation of Difference:		
Contributions to trusts		
Prepaid	\$ -	\$ 10,677
Accrued liability	(18,401)	(6,304)
Unrecognized transition obligation	14,684	16,756
Unrecognized net gain	39,570	18,197
Unrecognized prior service cost	(3,732)	(3,672)
Difference	\$ 32,121	\$ 35,654

(a) Plan assets are invested in insurance contracts, corporate bonds, equity securities, U.S. Government securities, notes, mortgages and short-term investments.

(b) Based on discount rates of 8.5% in 1994 and 7% in 1993; and increases in future salary levels of 4% to 5% in 1994 and 1993.

Components of provisions for pensions (excluding early retirement program costs):

	1994	1993 (thousands)	1992
Service cost	\$ 8,193	\$ 8,671	\$ 7,301
Interest cost on projected benefit obligation	20,759	19,521	17,903
Actual return on plan assets	(1,143)	(49,875)	(24,541)
Other	(22,297)	27,715	3,653
Net periodic pension cost	\$ 5,512	\$ 6,032	\$ 4,316

Long-term rates of return on plan assets of 8% to 8.5% were used.

Postretirement Benefits Other Than Pensions

In addition to providing pension benefits, certain postretirement health care and life insurance benefits are provided for substantially all retired employees.

FASB Statement No. 106-Employers' Accounting for Postretirement Benefits Other Than Pensions requires companies to accrue the cost of postretirement health care and life insurance benefits during an employee's active years of service. Until 1993, these costs were expensed as paid (pay-as-you-go). The Company currently recovers these costs through rates on a pay-as-you-go basis.

Net periodic postretirement benefit cost (excluding early retirement program costs):

	1994 (thousands)	1993
Service cost	\$ 645	\$ 616
Interest cost on accumulated postretirement benefit obligation (APBO)	2,305	1,893
Amortization of unrecognized transition obligation	1,175	1,175
Other	75	-
Net periodic postretirement cost	4,200	3,684
Less: Pay-as-you-go costs	1,097	1,109
Net increase in cost due to FASB 106	\$ 3,103	\$ 2,575

Actuarial assumptions include an increase in the annual health care cost trend rate for 1995 of 12%, decreasing gradually over a six year period to its ultimate level of 6%. The health care plan requires retirees to participate in the cost when premiums exceed a certain amount. Because of this provision, an increase in the assumed health care cost trend rate by 1% per year would only increase the APBO as of December 31, 1994 by approximately \$575,000 and the aggregate service and interest cost components of net periodic postretirement benefit cost for 1994 by approximately \$65,000.

Reconciliation of postretirement benefits to amounts recorded in the Consolidated Balance Sheets:

	December 31	
	1994	1993
	(thousands)	
APBO (a):		
Retirees	\$ 20,813	\$10,672
Fully eligible active plan participants	1,304	6,405
Other active plan participants	7,159	10,501
Unfunded APBO	29,276	27,578
Unrecognized transition obligation	(21,139)	(22,314)
Unrecognized net gain (loss)	5,220	(2,689)
Unrecognized prior service cost	(863)	-
Accrued postretirement benefit obligation (included in Deferred Credits and Other Liabilities-Other)	\$ 12,494	\$ 2,575

(a) Based on weighted average discount rates of 8.5% in 1994 and 7% in 1993; and increases in future salary levels of 4% to 5% in 1994 and 1993.

Long-Term Incentive Plan

The shareholders adopted a Long-Term Incentive Plan in 1992 for officers and key employees. Awards issued under the Plan cannot exceed three million common stock shares.

Under the stock option provision of the Plan, recipients are entitled to receive shares of stock, and accumulated dividends as though reinvested if the granted options are exercised within 10 years and the market price at the time of exercise equals or exceeds the grant price. Because of the dividend provision, the Company was required to expense \$0.4, \$0.1 and \$0.2 million for 1994, 1993, and 1992, respectively. The expense represents accumulated and reinvested dividends in addition to the appreciation in stock price since the date of grant. If the stock price falls below the grant price, the cumulative expense associated with those options is reversed.

Summarized information regarding the stock option shares granted and outstanding:

	1994	1993	1992
	(shares under option)		
Outstanding at January 1	145,125	86,000	-
Granted	69,125	63,125	86,000
Exercised	(6,000)	-	-
Canceled	(10,875)	(4,000)	-
Outstanding at December 31	197,375	145,125	86,000
Exercisable at December 31	102,125	41,000	-
Weighted average grant price of shares outstanding	\$ 21.870	\$ 22.604	\$ 21.625
Option price of shares exercised	\$ 21.625	\$ -	\$ -

3. INCOME TAXES

Income tax expense consists of:

	1994	1993	1992
	(thousands)		
Current income taxes:			
Federal	\$ 42,736	\$ 41,207	\$ 28,081
State	7,462	5,589	4,657
Total	50,198	46,796	32,738
Deferred income taxes, net:			
Federal	17,005	22,274	20,488
State	3,519	3,228	3,491
Total	20,524	25,502	23,979
Investment tax credits, net	(4,345)	(4,345)	(4,521)
Total income tax expense	\$ 66,377	\$ 67,953	\$ 52,196

The following table shows a reconciliation of the federal statutory income tax rate to the effective rate reflected in the Consolidated Statements of Income. See Note 1 to the Consolidated Financial Statements for a discussion of the Company's income tax policies.

	1994	1993	1992
Federal statutory income tax rate	35.0 %	35.0 %	34.0 %
Differences between book and tax			
depreciation not normalized	1.2	1.3	1.7
Amortization of investment tax			
credits	(2.5)	(2.5)	(3.3)
State income taxes	4.2	3.3	3.9
Other	0.9	2.0	1.4
Effective income tax rate	38.8 %	39.1 %	37.7 %

The significant temporary differences resulting in deferred tax assets and liabilities in the Consolidated Balance Sheets are as follows:

	December 31	
	1994	1993
	(thousands)	
Depreciation differences	\$ 507,964	\$ 476,637
Recoverable taxes	120,000	122,000
Other	14,731	25,534
Net deferred income tax liability	\$ 642,695	\$ 624,171

The net deferred income tax liability consists of the following:

	December 31	
	1994	1993
	(thousands)	
Gross deferred income tax assets	\$ (61,623)	\$ (63,187)
Gross deferred income tax liabilities	704,318	687,358
Net deferred income tax liability	\$ 642,695	\$ 624,171

4. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

Liability Insurance

The Price-Anderson Act currently limits the combined public liability of nuclear reactor owners to \$8.9 billion for claims that could arise from a single nuclear incident. The owners of Wolf Creek (the Owners) carry the maximum available commercial insurance of \$200 million. The balance is provided by Secondary Financial Protection (SFP), an assessment plan mandated by the Nuclear Regulatory Commission.

Under SFP, 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 \$79.3 million (\$37.3 million, Company's share). The Owners are jointly and severally liable for these charges, payable at a rate not to exceed \$10 million (\$4.7 million, Company's share) per incident per year, excluding applicable premium taxes. The assessment, most recently revised in 1993, is subject to an inflation adjustment every five years based on the Consumer Price Index.

Property, Decontamination and Premature Decommissioning Insurance

The Owners also carry \$2.8 billion (\$1.3 billion, Company's share) of property damage, decontamination and premature decommissioning insurance for loss resulting from damage to the Wolf Creek facilities. Nuclear insurance pools provide \$0.5 billion of coverage, while Nuclear Electric Insurance Limited (NEIL) provides \$2.3 billion.

In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The Company's share of any remaining proceeds can be used for up to \$1.2 billion of property damage and up to \$118 million in premature decommissioning costs to cover a trust fund shortfall (see Note 1-Nuclear Plant Decommissioning Costs). However, premature decommissioning coverage applies only if an accident at Wolf Creek exceeds \$500 million in property damage and decontamination expenses.

Extra Expense Insurance Including Replacement Power

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 both NEIL policies, the Company is subject to retrospective assessment if NEIL losses, with respect to each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum retrospective assessments for the Company's share under the policies total approximately \$13 million per year.

In the event of a catastrophic loss at Wolf Creek, the amount of insurance available 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 the Company and could have a material, adverse effect on its financial condition and results of operations.

Nuclear Fuel Commitments

As of December 31, 1994, the Company's portion of Wolf Creek nuclear fuel commitments included \$180 million for enrichment and fabrication through 2014 and \$12 million for uranium concentrates through 1997.

Tax Matters

The Company's federal income tax returns for 1985 through 1992 are presently under examination by the Internal Revenue Service (IRS). The IRS has issued Revenue Agent's Reports for the years 1985 through 1990. The Reports include proposed adjustments that would reduce the Company's Wolf Creek investment tax credit (ITC) by 25% or approximately \$20 million and tax depreciation by 23% or approximately \$210 million. These amounts include the continuing effect of the adjustments through December 31, 1994. These adjustments, principally, are based upon the IRS's contention that (i) certain start-up and testing costs considered to be costs of the plant, should be treated as licensing costs, which do not qualify for ITC or accelerated depreciation, and (ii) certain cooling and generating facilities should not qualify for ITC or accelerated depreciation.

If the IRS were to prevail on all of these proposed adjustments, the Company would be obligated to make cash payments, calculated through December 31, 1994, of approximately \$105 million for additional federal and state income taxes and \$60 million for corresponding interest. After offsets for deferred income taxes, these payments would reduce net income by approximately \$35 million.

The Company has filed a protest and is currently negotiating with the appeals division of the IRS. Based upon their interpretation of applicable tax principles, the tax treatment of similar costs and facilities with respect to other plants, and discussions to date with the IRS appeals division, it is the opinion of management and outside tax counsel that the IRS's proposed Wolf Creek adjustments are substantially overstated. Management believes any additional taxes and interest resulting from the final resolution of the matter will not be material to the Company's financial condition or results of operations.

Environmental Matters

The Company's operations must comply with federal, state and local environmental laws and regulations. The generation of electricity utilizes, produces and requires disposal of certain products and by-products including polychlorinated biphenyl (PCB's), asbestos and other potentially hazardous materials. The Federal Comprehensive Environmental Response, Compensation and Liability Act (the Superfund law) imposes strict joint and several liability for those who generate, transport or deposit hazardous waste as well as the current property owner and predecessor owner at the time of contamination. The Company continually conducts environmental audits designed to detect contamination and assure compliance with governmental regulations. However, compliance programs necessary to meet future environmental laws and regulations governing water and air quality, including carbon dioxide emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields, could require substantial changes to operations or facilities.

Interstate Power Company of Dubuque, Iowa (Interstate) filed a lawsuit in 1989 against the Company in the Federal District Court for the District of Iowa seeking contribution and indemnity under the Superfund law for cleanup costs of hazardous substances at the site of a demolished gas manufacturing plant in Mason City, Iowa. The plant was operated by the Company for very brief periods of time before it was demolished in 1952. The site and all other properties owned in Iowa were sold to Interstate in 1957. Management estimates that the cleanup could cost up to \$8 million. This estimate is based upon an evaluation of available information from on-going site investigation and assessment activities, including the costs of such activities.

In 1993, the Company, along with other parties to the lawsuit, received a letter from the Environmental Protection Agency (EPA) notifying each such party that it was considered a potentially responsible party for cleanup costs at the site. In December 1994, the EPA listed the site on the National Priorities List.

Management believes it has several valid defenses to this action. Even if unsuccessful on the liability issue, management does not believe its allocated share of the cleanup costs will be material to its financial condition or results of operations.

Long-Term Coal Contracts

The Company's share of coal purchased under long-term contractual arrangements was \$21, \$17, and \$21 million in 1994, 1993 and 1992, respectively. Under existing coal contracts, the Company's remaining share of purchase commitments totals \$152 million with obligations for the years 1995 through 1999 totaling \$41, \$30, \$26, \$9 and \$9 million, respectively. Coal is also purchased on the spot market.

Leases

The Company has a transmission line lease with another utility whereby, with FERC approval, the rental payments can be increased by the lessor, after which the Company is entitled to cancel the lease if able to secure an alternative transmission path. Total commitments under this lease are \$2 million per year and \$58 million over the remaining life of the lease if the lease is not canceled.

Rental expense for other leases including railcars, computer equipment, buildings, a transmission line and similar items was \$16 to \$19 million per year during the last three years. Rental commitments under these leases total \$134 million over the remaining life of the leases with obligations for the years 1995 through 1999 averaging \$12 million per year. Capital leases are not material and are included in these amounts.

Purchased Capacity Commitments

As of December 31, 1994, contracts to purchase capacity through 2016 from other utilities totaled \$262 million. During 1994, 1993 and 1992, capacity purchases were \$13, \$10 and \$7 million, respectively. For each of the next five years these obligations include:

	Cost (millions)	Megawatts
1995	\$ 16	520
1996	25	530
1997	24	530
1998	24	530
1999	24	530

For the years 2000 through 2009, the Company has purchase capacity contracts for approximately 179 megawatts per year at an average annual cost of \$13 million.

Other

As of December 31, 1994, KLT Investments Inc. has subscribed to an additional \$19 million investment in affordable housing partnerships and intends to fund these investments through long-term borrowings.

5. SALE OF ACCOUNTS RECEIVABLE

As of December 31, 1994 and 1993, an undivided interest in \$60 million of designated customer accounts receivable was sold with limited recourse. Costs of \$2.8, \$2.2 and \$2.6 million for 1994, 1993 and 1992, respectively, associated with the sale are included in Other Income and Deductions-Miscellaneous.

6. SHORT-TERM BORROWINGS

Short-term borrowings consist of funds borrowed from banks or through the sale of commercial paper as needed. The weighted average interest rate on short-term debt outstanding at December 31, 1994 and 1993 was 6.2% and 4.0%, respectively. As of December 31, 1994, under minimal fee arrangements, unused bank lines of credit totaled \$159 million.

7. COMMON STOCK EQUITY, PREFERRED STOCK AND REDEEMABLE PREFERRED STOCK

Common Stock Equity

In 1994, 2,000,000 shares of common stock were registered with the Securities and Exchange Commission for a Dividend Reinvestment and Stock Purchase Plan (the Plan). Under the Plan, common shareholders, directors and employees have the opportunity to purchase shares of the common stock by reinvesting dividends and/or making optional cash payments. The Company is currently purchasing shares for the Plan on the open market.

At December 31, 1994, the Company held approximately 6,600 shares of its common stock to be used for future distribution. The reacquired shares are included in Investments and Nonutility Property on the Consolidated Balance Sheets.

The Restated Articles of Consolidation contain a restriction relating 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, the Company cannot declare or pay its common stock dividends or purchase any common shares. If the unpaid preferred stock dividends equal four or more full quarterly dividends, the holders of preferred stock, voting as a single class, could elect representatives to the Board of Directors.

Preferred Stock and Redeemable Preferred Stock

During 1992, the 130,000 shares of 7.72% Cumulative Preferred Stock (\$13 million par value) were redeemed and retired. The \$0.3 million premium paid to redeem this stock was charged against retained earnings. Also, in 1992, \$50 million Cumulative No Par Preferred Stock, Auction Series A (\$100 per share stated value) was issued. The \$0.9 million in costs associated with this issue were charged to capital stock premium and expense.

Scheduled mandatory sinking fund requirements for the outstanding redeemable 4% Cumulative Preferred Stock are \$160,000 per year. The Company has the option to redeem the \$91 million Cumulative Preferred Stock at prices approximating par or stated value.

As of December 31, 1994, 405,957 shares of \$100 par Cumulative Preferred Stock, 1,572,000 shares of Cumulative No Par Preferred Stock and 11,000,000 shares of no par Preference Stock were authorized.

8. LONG-TERM DEBT

Mortgage Bonds

In 1994, the remaining First Mortgage Bonds were retired resulting in the retirement of the Indenture of Mortgage and Deed of Trust dated December 1, 1946. The Company is now authorized to issue mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. The Indenture constitutes a mortgage lien on substantially all utility plant.

As of December 31, 1994, \$582 million of General Mortgage Bonds were pledged under the Indenture to secure outstanding and unissued Medium-Term Notes of \$425 and \$157 million, respectively.

Scheduled Maturities

Long-term debt maturities for the years 1995 through 1999 are \$33, \$74, \$24, \$69, and \$8 million, respectively.

Interest Rate Swap and Cap Agreements

As of December 31, 1994, the Company had entered into eight interest rate swap contracts and one cap agreement with financial institutions to limit the interest rate on \$110 million of long-term debt. The swap agreements mature from 1996 through 1998 and effectively fix interest rates on \$90 million of variable rate debt to a weighted average rate of 3.7% through 1996. The cap agreement limits the interest rate on \$20 million of variable rate debt to 4.5% in 1995, increasing to 5.5% through 1997. Had these agreements been terminated at December 31, 1994, the Company would have realized a gain.

9. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

Joint ownership agreements with other utilities provide undivided interests in utility plants at December 31, 1994 as follows (in millions of dollars):

	Wolf Creek Unit 47%	LaCygne Units 50%	Iatan Unit 70%
Company's share			
Utility plant in service	\$ 1,337	\$ 286	\$ 248
Estimated accumulated depreciation (Production plant only)	\$ 299	\$ 157	\$ 119
Nuclear fuel, net	\$ 41	\$ -	\$ -
Company's accredited capacity-megawatts	545	678	469

Each participant must fund their own portion of the plant's operating expenses and capital expenditures. The Company's share of direct expenses is included in the corresponding operating expenses in the Consolidated Statements of Income.

10. QUARTERLY OPERATING RESULTS (UNAUDITED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(thousands)			
1994				
Operating revenues	\$199,295	\$223,108	\$253,771	\$ 192,098
Operating income	\$ 20,603	\$ 36,121	\$ 61,458	\$ 31,509
Net income	\$ 9,891	\$ 24,776	\$ 50,099	\$ 20,009
Earnings per common share	\$ 0.15	\$ 0.38	\$ 0.80	\$ 0.31
1993				
Operating revenues	\$191,380	\$208,323	\$256,919	\$ 200,828
Operating income	\$ 29,624	\$ 38,878	\$ 57,865	\$ 29,935
Net income	\$ 15,800	\$ 25,731	\$ 44,920	\$ 19,321
Earnings per common share	\$ 0.24	\$ 0.40	\$ 0.72	\$ 0.30

The quarterly data is subject to seasonal fluctuations with peak periods occurring during the summer months. See Note 2 to the Consolidated Financial Statements-Pension Plans and Other Employee Benefits for a discussion of quarterly costs associated with the 1994 early retirement program.

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the consolidated financial statements of Kansas City Power & Light Company and Subsidiary listed in the index on page 39 of this Form 10-K. 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 conducted our audits in accordance with generally accepted auditing standards. 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kansas City Power & Light Company and Subsidiary as of December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

/s/Coopers & Lybrand L.L.P.
COOPERS & LYBRAND L.L.P.

Kansas City, Missouri
January 30, 1995

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

The information concerning directors required by Item 401 of Regulation S-K has been furnished by the Company in its definitive proxy statement dated March 10, 1995, filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference.

Executive Officers

See Part I, page 5, entitled "Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K has been furnished by the Company in its definitive proxy statement dated March 10, 1995, filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities and Exchange Act of 1934, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 403 of Regulation S-K has been furnished by the Company in its definitive proxy statement dated March 10, 1995, filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities and Exchange Act of 1934, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K

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Financial Statements	
a. Consolidated Balance Sheets - December 31, 1994, and 1993	18-19
b. Consolidated Statements of Income for the years ended December 31, 1994, 1993, and 1992	20
c. Consolidated Statements of Cash Flows for the years ended December 31, 1994, 1993, and 1992	21
d. Consolidated Statements of Cumulative Preferred Stock & Long-Term Debt - December 31, 1994 and 1993	22
e. Consolidated Statements of Retained Earnings for the years ended December 31, 1994, 1993, and 1992	22
f. Notes to Consolidated Financial Statements	23-36
g. Report of Independent Accountants	37

Exhibits

Exhibit Number	Description of Document
3-a	*Restated Articles of Consolidation of the Company dated as of May 5, 1992 (Exhibit 4 to Registration Statement, Registration No. 33-54196).
3-b	*By-laws of the Company, as amended and in effect on December 31, 1993 (Exhibit 3-b to Form 10-K for the year ended 1993).
4-a	*General Mortgage 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., Trustee (Exhibit 4-bb to Form 10-K for the year ended December 31, 1986).
4-b	*Third Supplemental Indenture dated as of April 1, 1991, to Indenture dated as of December 1, 1986 (Exhibit 4-aq to Registration Statement, Registration No. 33-42187).
4-c	*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 year ended December 31, 1991).
4-d	*Fifth Supplemental Indenture dated as of September 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1992).
4-e	*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-f	*Seventh Supplemental Indenture dated as of October 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1993).
4-g	*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-h	*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-i	Tenth Supplemental Indenture dated as of November 1, 1994, to Indenture dated as of December 1, 1986.
4-j	*Resolution of Board of Directors Establishing 3.80% Cumulative Preferred Stock (Exhibit 2-R to Registration Statement, Registration No. 2-40239).
4-k	*Resolution of Board of Directors Establishing 4% Cumulative Preferred Stock (Exhibit 2-S to Registration Statement, Registration No. 2-40239).
4-l	*Resolution of Board of Directors Establishing 4.50% Cumulative Preferred Stock (Exhibit 2-T to Registration Statement, Registration No. 2-40239).
4-m	*Resolution of Board of Directors Establishing 4.20% Cumulative Preferred Stock (Exhibit 2-U to Registration Statement, Registration No. 2-40239).
4-n	*Resolution of Board of Directors Establishing 4.35% Cumulative Preferred Stock (Exhibit 2-V to Registration Statement, Registration No. 2-40239).
4-o	*Certificate of Designation of Board of Directors Establishing the \$50,000,000 Cumulative No Par Preferred Stock, Auction Series A (Exhibit 4-a to Form 10-Q dated March 31, 1992).

- 4-p *Indenture for Medium-Term Note Program dated as of April 1, 1991, between the Company and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-42187).
- 4-q *Indenture for Medium-Term Note Program dated as of February 15, 1992, between the Company and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-45736).
- 4-r *Indenture for Medium-Term Note Program dated as of November 15, 1992, between the Company and The Bank of New York (Exhibit 4-aa to Registration Statement, Registration No. 33-54196).
- 4-s Indenture for Medium-Term Note Program dated as of November 17, 1994, between the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc.
- 10-a *Copy of Wolf Creek Generating Station Ownership Agreement between Kansas City Power & Light Company, Kansas Gas and Electric Company and Kansas Electric Power Cooperative, Inc. (Exhibit 10-d to Form 10-K for the year ended December 31, 1981).
- 10-b *Copy of Receivables Purchase Agreement dated as of September 27, 1989, between the Company, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc., (Exhibit 10-p to Form 10-K for year ended December 31, 1989).
- 10-c *Copy of Amendment to Receivables Purchase Agreement dated as of August 8, 1991, between the Company, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc. (Exhibit 10-m to Form 10-K for year ended December 31, 1991).
- 10-d *Long-Term Incentive Plan (Exhibit 28 to Registration Statement, Registration 33-42187).
- 10-e *Copy of Indemnification Agreement entered into by the Company with each of its officers and directors (Exhibit 10-0 to Form 10-K for year ended December 31, 1986).
- 10-f *Copy of Executive Incentive Compensation Plan (Exhibit 10-g to form 10-K for year ended December 31, 1986).
- 10-g *Copy of Severance Agreement entered into by the Company with certain of its executive officers (Exhibit 10 to Form 10-Q dated June 30, 1993).
- 10-h *Copy of Supplemental Executive Retirement and Deferred Compensation Plan (Exhibit 10-h to Form 10-K for year ended December 31, 1993).
- 10-i *Copy of \$50 million Letter of Credit and reimbursement agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-i to Form 10-K for year ended December 31, 1993).
- 10-j *Copy of \$56 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Societe Generale, Chicago Branch (Exhibit 10-j to Form 10-K for year ended December 31, 1993).
- 10-k *Copy of \$50 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-k to Form 10-K for year ended December 31, 1993).
- 10-l *Copy of \$40 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Deutsche Bank AG, acting through its New York and Cayman Islands Branches (Exhibit 10-l to Form 10-K for year ended December 31, 1993).
- 10-m *Copy of Railcar Lease dated as of April 15, 1994, between Shawmut Bank Connecticut, National Association, and the Company (Exhibit 10 to Form 10-Q for period ended June 30, 1994).
- 10-n *Copy of Amendment No. 2 to Receivables Purchase Agreement between the Company and Ciesco L.P. and Citicorp North America, Inc. (Exhibit 10 to Form 10-Q for period ended September 30, 1994).
- 10-o Copy of Railcar Lease dated as of January 31, 1995, between First Security Bank of Utah, National Association, and the Company.
- 12 Computation of Ratios of Earnings to Fixed Charges.
- 23-a Consent of Counsel.
- 23-b Consent of Independent Accountants--Coopers & Lybrand L.L.P.
- 24 Powers of Attorney.

* Filed with the Securities and Exchange Commission 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 Securities and Exchange Commission in connection with this document may be obtained from the Company upon written request.

Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of 1994.

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, in the City of Kansas City, and State of Missouri on the 28th day of March, 1995.

KANSAS CITY POWER & LIGHT COMPANY

By /s/Drue Jennings
 (Drue Jennings)
 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/Drue Jennings (Drue Jennings)	Chairman of the Board and President (Principal Executive Officer))
/s/John DeStefano (John DeStefano)	Vice President-Finance and Treasurer (Principal Financial Officer))
/s/Neil Roadman (Neil Roadman)	Controller (Principal Accounting Officer))
David L. Bodde*	Director)
William H. Clark*	Director) March 28, 1995
Robert J. Dineen*	Director)
Arthur J. Doyle*	Director)
W. Thomas Grant II*	Director)
George E. Nettels, Jr.*	Director)
Dr. Linda Hood Talbott*	Director)
Robert H. West*	Director)

*By /s/Drue Jennings
 (Drue Jennings)
 Attorney-in-fact

TENTH SUPPLEMENTAL INDENTURE

KANSAS CITY POWER & LIGHT COMPANY

UMB BANK, N.A.

DATED AS OF NOVEMBER 1, 1994

CREATING A MORTGAGE BOND
MEDIUM-TERM SERIES E

SUPPLEMENTAL TO GENERAL MORTGAGE INDENTURE AND
DEED OF TRUST DATED AS OF DECEMBER 1, 1986

TENTH SUPPLEMENTAL INDENTURE, dated as of November 1, 1994, between KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation ("Company"), and UMB BANK, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as Trustee ("Trustee") under the Indenture hereinafter mentioned.

WHEREAS, all capitalized terms used in this Supplemental Indenture have the respective meanings set forth in the Indenture;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a General Mortgage Indenture and Deed of Trust ("Indenture"), dated as of December 1, 1986, to secure Mortgage Bonds issued by the Company pursuant to the Indenture, unlimited in aggregate principal amount except as therein otherwise provided.

WHEREAS, the Company has heretofore executed and delivered to the Trustee, a First Supplemental Indenture, dated as of December 1, 1986, creating a first series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee, a Second Supplemental Indenture, dated as of April 1, 1988, creating a second series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Third Supplemental Indenture, dated as of April 1, 1991, creating a third series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Fourth Supplemental Indenture, dated as of February 15, 1992, creating a fourth series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Fifth Supplemental Indenture, dated as of September 1, 1992, creating a fifth series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Sixth Supplement Indenture, dated as of November 1, 1992, creating a sixth series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Seventh Supplemental Indenture, dated as of October 1, 1993, creating a seventh series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Eighth Supplemental Indenture, dated as of December 7, 1993, creating an eighth series of Mortgage Bonds;

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Ninth Supplemental Indenture, dated as of February 1, 1994, creating a ninth series of Mortgage Bonds;

WHEREAS, the Company desires in and by this Supplemental Indenture to create a tenth series of Mortgage Bonds to be issued under the Indenture, to designate such series, to set forth maturity date or dates, interest rate or rates and the form and other terms of such Mortgage Bonds;

WHEREAS, all acts and things necessary to make this Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein

expressed, have been done and performed; and the execution and delivery of this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States of America paid to the Company by the Trustee at or before the execution and delivery of this Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable consideration, it is agreed by and between the Company and the Trustee as follows:

DESCRIPTION OF CERTAIN PROPERTY SUBJECT
TO THE LIEN OF THE INDENTURE

The Company hereby confirms unto the Trustee, and records the description of the property described in Schedule A attached and expressly made a part hereof, which property is subject to the lien of the Indenture in all respects as if originally described herein.

ARTICLE I.

MORTGAGE BOND, MEDIUM-TERM SERIES E

SECTION 1. (a) There is hereby created a tenth series of Mortgage Bonds to consist of one Mortgage Bond issued under and secured by the Indenture, to be designated as "Mortgage Bond, Medium-Term Series E", of the Company ("Bond of Tenth Series").

(b) The Bond of Tenth Series shall be issued in the principal amount of \$125,000,000 as provided in the Indenture and in this Supplemental Indenture, but the principal amount of the Bond of Tenth Series actually outstanding as of any particular time shall be equal to the principal amount of securities titled "Secured Medium-Term Notes" ("Notes") which at such particular time are outstanding under the Indenture dated as of November 1, 1994 ("Note Indenture"), between the Company and The Bank of New York, as trustee ("Note Trustee").

(c) The Bond of Tenth Series shall be a registered Bond without coupons and shall be dated November 10, 1994.

(d) The principal of the Bond of Tenth Series shall be paid in installments ("Installments").

(e) Each Installment (i) shall be equal to the principal amount of, and any premium on, a particular Note which the Company is obligated to pay on a particular day, (ii) shall be payable on the date or dates on which, and at the same place or places as, the principal of, and any premium on, such Note is payable, (iii) shall bear interest, if any, from the date of such Note at the rate of interest borne by such Note, and interest, if any, on such Installment shall be paid on the date or dates on which, and at the same place or places as, interest is payable on such Note.

(f) The principal of and interest on the Bond of Tenth Series shall be payable in lawful money of the United States of America.

SECTION 2. At such time or times that the Company (a) delivers to the Note Trustee and the Trustee an Officers' Certificate which reduces the maximum aggregate principal amount of Notes which may be issued pursuant to the Note Indenture by a specific principal amount or (b) pays, is deemed to have paid or otherwise satisfies and discharges its obligation to pay any Installment, the principal amount of the Bond of Tenth Series shall be reduced by such specific principal amount or such Installment, and such specific principal amount and Installment shall be deemed for all purposes of the Indenture, including Article IV and Article XI of the Indenture, to be Retired Bonds.

SECTION 3. The Bond of Tenth Series is not transferable except to a successor Note Trustee under the Note Indenture.

SECTION 4. The Company covenants and agrees that (a) it will not issue or permit to be outstanding at any time an aggregate principal amount of Notes in excess of \$125,000,000, or such lesser amount as may from time to time be established by an Officers' Certificate delivered by the Company to the Trustee and the Note Trustee, (b) it will not issue or permit to be outstanding any Note which matures later than November 1, 2026, and (c) it will not issue any Notes payable other than in lawful money of the United States of America.

SECTION 5. (a) The Bond of Tenth Series shall be pledged by the

Company with and delivered to the Note Trustee to secure payment of the principal of and any premium or interest on the Notes.

(b) The obligation of the Company to make any payment of the principal of or any premium or interest on the Bond of Tenth Series shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of and any premium or interest on the Notes shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged.

(c) The obligation of the Company to make any payment of the principal of or premium or interest on any Installment shall be satisfied and discharged if the Note to which such Installment relates is no longer outstanding under the Note Indenture.

(d) The Trustee shall conclusively presume that the obligation of the Company to make payments of the principal of or any premium or interest on the Bond of Tenth Series shall have been fully paid, deemed to have been paid or otherwise satisfied and discharged when due unless and until the Trustee shall have received written notice from the Note Trustee, signed by a responsible officer (as defined in the Note Indenture) of the Note Trustee, stating that the payments of principal of and premium or interest on Notes specified in such notice were not fully paid, deemed to have been paid or otherwise satisfied and discharged when due and remain unpaid at the date of such notice.

SECTION 6. The form of the Bond of Tenth Series shall be substantially as follows:

(FORM OF BOND OF TENTH SERIES)

KANSAS CITY POWER & LIGHT COMPANY

MORTGAGE BOND, MEDIUM-TERM SERIES E

\$125,000,000

Bond Number R-1

Kansas City Power & Light Company, a Missouri corporation ("Company"), for value received, hereby promises to pay to The Bank of New York, as Trustee under the Indenture dated as of November 1, 1994, between the Company and such Trustee ("Note Indenture"), or the successor Trustee under the Note Indenture, the sum of \$125,000,000, or, if less, the aggregate unpaid principal amount of all Secured Medium-Term Notes ("Notes") outstanding under the Note Indenture, in installments, each of which (i) shall be equal to the principal amount of, and any premium on, a particular Note which the Company is obligated to pay on a particular day, (ii) shall be payable on the date or dates on which, and at the same place or places as, the principal of, and any premium on, such Note is payable, and (iii) shall bear interest, if any, from the date or dates specified in such Note at the rate of interest borne by such Note, and interest, if any, on such installment shall be paid on the date or dates on which, and at the same place or places as, interest is payable on such Note. The principal of and any premium or interest on this Bond of Tenth Series are payable in lawful money of the United States of America.

THIS BOND OF TENTH SERIES IS NOT TRANSFERABLE EXCEPT TO A SUCCESSOR TRUSTEE UNDER THE NOTE INDENTURE.

The obligation of the Company to make any payment of the principal of or any premium or interest on this Bond of Tenth Series shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of and any premium or interest on the Notes shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged.

By acceptance of, and in consideration for this Bond of Tenth Series, the Registered Holder of this Bond of Tenth Series agrees to record on the Schedule to this Bond of Tenth Series which is a part hereof, (a) the date each Note is issued under the Note Indenture, (b) the principal amount of such Note, (c) the interest rate, if any, payable on such Note, (d) the date or dates upon which principal of and any premium or interest on such Note are payable, (e) the redemption date and price or prices, if any, of such Note, and (f) the date on which such Note ceases to be outstanding under the Note Indenture, and such record shall be

conclusive and binding on the Company except in the case of manifest error, but the failure of such Registered Holder to record any of the foregoing shall not limit or otherwise affect the obligation of the Company to pay when due all principal of and any premium or interest on this Bond of Tenth Series or any Note.

This Bond of Tenth Series is one, of the series hereinafter specified, of the bonds of the Company ("Bonds") known as its "Mortgage Bonds," issued and to be issued in one or more series under and secured by a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986 ("Indenture"), duly executed by the Company to UMB Bank, N.A., (formerly United Missouri Bank of Kansas City, N.A.) Trustee ("Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are, and are to be, issued and secured, and the rights of the owners of the Bonds and of the Trustee in respect of such security, and the prior liens to which the security for the Bonds are junior; capitalized terms used in this Bond of Tenth Series have the respective meanings set forth in the Indenture. As provided in the Indenture, the Bonds may be various principal sums, are issuable in series, may mature at different times, may bear interest at different rates and may otherwise vary as therein provided; and this Bond of Tenth Series is the only one of the series entitled "Mortgage Bond, Medium-Term Series E," created by a Tenth Supplemental Indenture dated as of November 1, 1994, as provided for in the Indenture. With the consent of the holders of more than 50% in aggregate principal amount of the Outstanding Bonds, the Company and the Trustee may from time to time and at any time, enter into a Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any provision of the Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the holders of the Bonds and any coupons; provided, however, that (i) no such Supplemental Indenture shall, without the consent of the holder of each Outstanding Bond affected thereby (A) extend the fixed maturity of any Bonds, change any terms of any sinking fund or analogous fund or conversion rights with respect to any Bonds, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, or, subject to certain exceptions, limit the right of a holder of Bonds to institute suit for the enforcement of payment of principal of or any premium or interest on such Bonds in accordance with the terms of said Bonds, or (B) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any such Supplemental Indenture, or (C) permit the creation by the Company of any Prior Lien, and (ii) no such action which would affect the rights of the holders of Bonds of only one series may be taken unless approved by the holders of more than 60% in aggregate principal amount of the Outstanding Bonds of such series affected, but if any such action would affect the Bonds of two or more series, the approval of such action on behalf of the holders of Bonds of such two or more series may be effected by holders of more than 60% in aggregate principal amount of the Outstanding Bonds of such two or more series, which need not include 60% in principal amount of Outstanding Bonds of each of such series; provided, however, that, in no event shall such action be effective unless approved by holders of more than 50% in aggregate principal amount of all the then Outstanding Bonds of all such series.

In the event that this Bond of Tenth Series shall not be presented for payment when all Notes theretofore issued are no longer outstanding under the Note Indenture, then all liability of the Company to the Registered Holder of this Bond of Tenth Series for the payment of the principal hereof and any premium or interest hereon shall forthwith cease, determine and be completely discharged and the right of such Registered Holder of this Bond of Tenth Series for the payment of the principal hereof and any premium or interest hereon shall forthwith cease, determine and be completely discharged and such Registered Holder shall no longer be entitled to any lien or benefit of the Indenture.

In case an event of Default shall occur, the principal of this Bond of Tenth Series may become or be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

This Bond of Tenth Series is transferable by the Registered Holder hereof in person or by attorney duly authorized in writing, only to a successor to the Note Trustee under the Note Indenture, at the principal office of the Trustee in Kansas City, Missouri, (or at the principal office of any successor in trust), upon surrender and cancellation of this Bond of Tenth Series, and upon any such transfer a new registered Bond of Tenth Series without coupons of the same series for the same principal amount will be issued to the transferee in exchange herefor.

The Company and the Trustee may deem and treat the person in whose

name this Bond of Tenth Series is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or any premium or interest on this Bond of Tenth Series, or for any claim based hereon or otherwise in respect hereof or of the Indenture or any Supplemental Indenture, against any incorporator, stockholder, director or officer, past, present or future, of the Company or of any predecessor corporation, as such, either directly or through the Company or of any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, stockholders, directors and officers being waived and released by every owner hereof by the acceptance of this Bond of Tenth Series and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Indenture.

SCHEDULE
OF
NOTES

Original Issue Date	Principal Amount	Interest Rate	Interest Payment Dates	Principal Payment Dates	Redemption Date	Date No Longer Outstanding	Record Made By
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This Bond of Tenth Series shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been executed by the Trustee or its successor in trust under said Indenture.

IN WITNESS WHEREOF, KANSAS CITY POWER & LIGHT COMPANY has caused this Bond of Tenth Series to be executed in its name by the manual or facsimile signature of its Chairman of the Board or its President or one of its Vice Presidents, and its corporate seal to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary or one of its Assistant Secretaries.

KANSAS CITY POWER & LIGHT COMPANY,

Dated:

By _____
Authorized Signature

Attest:

Secretary or Assistant Secretary

The form of Trustee's certificate to appear on the Bond of Tenth Series shall be substantially as follows:

(FORM OF TRUSTEE'S CERTIFICATE)

This Bond of Tenth Series is the Bond of the series designated therein, described in the within-mentioned Indenture and Tenth Supplemental Indenture.

UMB BANK, N.A.,
as Trustee,

By _____
Authorized Signature

ARTICLE II.
ISSUE OF BOND OF TENTH SERIES.

SECTION 1. The Bond of Tenth Series may be executed, authenticated and delivered as permitted by the provisions of Article III, IV, V or VI of the Indenture.

ARTICLE III.

THE TRUSTEE.

SECTION 1. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE IV.

MISCELLANEOUS PROVISIONS.

SECTION 1. On or before the 45th day after the end of each fiscal quarter of the Company, it shall deliver to the Trustee an Officers' Certificate which shall disclose the aggregate principal amount of Notes which were outstanding as of the last day of such fiscal quarter.

SECTION 2. Except insofar as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Indenture, as amended, shall be deemed to be incorporated in, and made a part of, this Supplemental Indenture; and the Indenture as supplemented and amended by this Supplemental Indenture is in all respects ratified and confirmed; and the Indenture, as amended, and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

SECTION 3. Nothing in this Supplemental Indenture is intended, or shall be construed to give to any person or corporation, other than the parties hereto and the holders of Bond of Tenth Series issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of Bond of Tenth Series issued and to be issued under the Indenture and secured thereby.

SECTION 4. All covenants, stipulations and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind and (subject to the provisions of the Indenture, as amended) inure to the benefit of its successors and assigns, whether so expressed or not.

SECTION 5. The headings of the several Articles of this Supplemental Indenture are inserted for convenience of reference, and shall not be deemed to be any part hereof.

SECTION 6. This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, KANSAS CITY POWER & LIGHT COMPANY has caused this Supplemental Indenture to be executed by its Chairman of the Board or one of its Vice Presidents and its corporate seal to be hereunto affixed, duly attested by its Secretary or one of its Assistant Secretaries, and UMB BANK, N.A., as Trustee as aforesaid, has caused the same to be executed by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed, duly attested by one of its Assistant Secretaries, as of the day and year first above written.

KANSAS CITY POWER & LIGHT COMPANY,

By /s/B. J. Beaudoin

ATTEST:

/s/Jeanie Sell Latz

UMB BANK, N.A.,

By /s/Frank C. Bramwell

ATTEST:

/s/R. William Bloemker

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of November, 1994, before me, a Notary Public in and for said County in the State aforesaid, personally appeared B. J. Beaudoin, to me personally known, who, being by me duly sworn, did say that he is Senior Vice President-Finance and Business Development and Chief Financial Officer of KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said B. J. Beaudoin acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntary executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

/s/Janee C. Rosenthal
Notary Public, Clay
County, Missouri

(SEAL)

My commission expires
February 25, 1995

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 4th day of November, 1994, before me, a Notary Public in and for said County in the State aforesaid, personally appeared Frank C. Bramwell, to me personally known, who, being by me duly sworn, did say that he is a Vice President of UMB BANK, N.A., a national banking association organized and existing under the laws of the United States of America, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said Frank C. Bramwell acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntary executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

/s/Janee C. Rosenthal
Notary Public, Clay
County, Missouri

(SEAL)

My commission expires
February 25, 1995

SCHEDULE A

Real Estate in Missouri

All of the following-described real estate of the Company situated in the State of Missouri:

Tiffany Substation site, Platte County, Missouri:

A tract of land located in and being a part of the Northwest Quarter Section of the Southeast Quarter Section of Section 1, Township 51, Range 34, Kansas City, Platte County, Missouri, and more particularly described as follows:

Beginning at the intersection of the West line of said Quarter Quarter (1/4 1/4) Section, and the Southerly right-of-way line of Northwest Tiffany Springs Road, as now established, thence South eight-nine degrees, fifty-nine minutes, thirty-six seconds East (S 89° 59'36" E) along said Southerly right of way line a distance of six hundred sixty (660) feet, thence South zero degrees, fifteen minutes, fifty-nine seconds West (S 00° 15'59" W) a distance of six hundred forty-seven (647) feet, thence North eight-nine degrees fifty-nine minutes, thirty-six seconds West (N 89° 59'36" W) to a point on the West line of said quarter quarter (1/4 1/4) section, thence North along the West line of said quarter quarter (1/4 1/4) section, to the point of beginning, containing 10 acres more or less.

KANSAS CITY POWER & LIGHT COMPANY

AND

THE BANK OF NEW YORK

Trustee

INDENTURE

Dated as of November 1, 1994

TIE-SHEET

of provisions of Trust Indenture Act of 1939 with Indenture dated as of November 1, 1994, between Kansas City Power & Light Company and The Bank of New York, Trustee:

Section of Act	Section of Indenture
310(a)(1)(2) and (5)	9.09
310(a)(3) and (4)	Not applicable
310(b)	9.08 and 9.10
310(c)	Not applicable
311(a) and (b)	9.14
311(c)	Not applicable
312(a)	7.01
312(b) and (c)	7.01
313(a)	7.03
313(b)(1)	Not applicable
313(b)(2)	7.03
313(c)	7.03
313(d)	7.03
314(a)	6.04, 7.02
314(b)	6.05
314(c)(1) and (2)	15.05
314(c)(3)	Not applicable
314(d)	Not applicable

314(e)	15.05
314(f)	Not applicable
315(a), (c) and (d)	9.01
315(b)	8.09
315(e)	8.10
316(a)(1)	8.01 and 8.08
316(a)(2)	Omitted
316(a) last sentence	10.04
316(b)	8.04
316(c)	10.06
317(a)	8.02
317(b)	Omitted
318(a)	15.07

This tie-sheet does not constitute a part of the Indenture.

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THIS INDENTURE, dated as of November 1, 1994, between Kansas City Power & Light Company, a corporation duly organized and existing under the laws of the State of Missouri (hereinafter sometimes called the "Company"), and The Bank of New York, a New York banking corporation organized and existing under the laws of the State of New York (hereinafter called the "Trustee").

Witnesseth:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its Secured Medium-Term Notes, (hereinafter sometimes called "Notes"), to be issued as in this Indenture provided;

AND WHEREAS, all acts and things necessary to make this Indenture a valid agreement according to its terms have been done and performed, and the execution of this Indenture and the issue hereunder of the Notes have in all respects been duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of the Notes by the holders thereof and of the sum of one dollar duly paid to it by the Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Notes, as follows:

ARTICLE ONE.

Definitions.

Section 1.01. Definitions. The terms defined in this Article One (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Article One.

Section 1.02. (a) Whenever this Indenture refers to a provision of the Trust Indenture Act of 1939, as amended ("TIA"), such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms incorporated in this Indenture have the following meanings:

"indenture securities" means the Notes.

"indenture note holder" means a Noteholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company.

(b) All terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by a rule of the Securities and Exchange Commission have the meanings assigned to them in the TIA or such statute or rule as in force on the date of execution of this Indenture.

Section 1.03. For purposes of this Indenture, the following terms have the following meanings.

Accrued Interest:

The term "Accrued Interest" at any Interest Payment Date (a) for a Floating Rate Note shall mean the amount obtained by multiplying the principal amount of such Floating Rate Note by its Accrued Interest Factor, and (b) for a Fixed Rate Note, shall mean the amount obtained by multiplying the principal amount of such Fixed Rate Note by its Interest Rate, and multiplying the

product thus obtained by a fraction, the numerator of which is the number of days in the Interest Payment Period for such Note ended on such Interest Payment Date, and the denominator of which is 360.

Accrued Interest Factor:

The term "Accrued Interest Factor" at any Interest Payment Date for a Floating Rate Note shall mean the sum of the Interest Factors for such Floating Rate Note calculated for each day in the Interest Payment Period for such Note ended on such Interest Payment Date or the prior Record Date, as the case may be.

Authenticating Agent:

The term "Authenticating Agent" shall mean the agent of the Trustee which shall be appointed and acting pursuant to Section 9.15.

Authorized Agent:

The term "Authorized Agent" shall mean an agent of the Company designated by an Officers' Certificate to give to the Trustee the information specified in clause (a) of "Company Order" for the issuance of a Note.

Authorized Newspaper:

The term "Authorized Newspaper" shall mean a newspaper of general circulation in the relevant area, printed in the English language and customarily published on each Business Day; whenever successive publications in an Authorized Newspaper are required by this Indenture, such publications may be made on the same or different days and in the same or in different Authorized Newspapers.

Base Rate:

The term "Base Rate" shall mean with respect to (a) Commercial Paper Rate Notes, the Commercial Paper Rate, (b) LIBOR Notes, LIBOR and (c) Treasury Rate Notes, the Treasury Rate.

Basis Point:

The term "Basis Point" shall mean one-one hundredth of a percentage point.

Board of Directors:

The term "Board of Directors" shall mean the Board of Directors of the Company or the Executive Committee of such Board or any other duly authorized Committee of such Board.

Board Resolution:

The term "Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Business Day:

The term "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions or trust companies in the Borough of Manhattan, the City and State of New York, are obligated or authorized by law or executive order to close.

Calculation Agent:

The term "Calculation Agent" for a particular Floating Rate Note shall mean the Trustee, unless otherwise provided for in the applicable Company Order.

Calculation Date:

The term "Calculation Date" shall mean with regard to any particular Interest Determination Date, the tenth calendar

day after such Interest Determination Date, or, if any such day is not a Business Day, the next succeeding Business Day.

Commercial Paper Rate:

The term "Commercial Paper Rate" for a particular Floating Rate Note, unless otherwise indicated in the applicable Company Order, shall mean, with respect to any Commercial Paper Rate Interest Determination Date, the Money Market Yield on such date of the rate for commercial paper having the Index Maturity specified in such Company Order, as such rate shall be published in H.15(519) under the heading "Commercial Paper". In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Commercial Paper Rate Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper of the specified Index Maturity as published in Composite Quotations under the heading "Commercial Paper". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate for such Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper of the specified Index Maturity placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized rating agency; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as set forth above, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

Commercial Paper Rate Interest Determination Date:

The term "Commercial Paper Rate Interest Determination Date" for a Commercial Paper Rate Note shall mean the second Business Day preceding its Interest Reset Date.

Commercial Paper Rate Notes:

The term "Commercial Paper Rate Notes" shall mean Floating Rate Notes which are specified in the applicable Company Order as having interest computed with reference to the Commercial Paper Rate.

Company:

The term "Company" shall mean the corporation named as the "Company" in the first paragraph of this Indenture, and its successors and assigns.

Company Order:

The term "Company Order" shall mean:

(a) a written order signed in the name of the Company by the Chairman of the Board, the President or any Vice President and by the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee, to authenticate a Note and to make it available for delivery, and specifying for such Note the following information:

- (1) the name of the Person in which a Note to be issued and authenticated shall be registered;
- (2) the address of such Person;
- (3) the taxpayer identification number of such Person;
- (4) the principal amount of such Note and, if multiple Notes are to be issued to such Person, the denominations of such Notes;
- (5) the Original Issue Date of such Note;
- (6) the date upon which such Note is scheduled to mature;

(7) the Redemption Date and the price or prices at which such Note is redeemable at the option of the Company;

(8) if the Note is a Fixed Rate Note, the rate of interest on such Note and the Interest Payment Dates, if other than May 1 and November 1;

(9) if the Note is a Floating Rate Note, its:

- | | |
|----------------------------|---------------------------------|
| (A) Base Rate | (G) Interest Reset Dates |
| (B) Index Maturity | (H) Initial Interest Reset Date |
| (C) Interest Payment Dates | (I) Interest Payment Dates |
| (D) Initial Interest Rate | (J) Spread |
| (E) Maximum Interest Rate | (K) Spread Multiplier |
| (F) Minimum Interest Rate | |

(10) all other information necessary for the issuance of such Note; or

(b) confirmation given to the Trustee by an officer of the Company designated by an Officers' Certificate, by telephone, confirmed by telex or facsimile or similar writing, of the information given to the Trustee by an Authorized Agent for the issuance of a Note, and the written order of the Company to authenticate such Note and to make it available for delivery.

Composite Quotations:

The term "Composite Quotations" shall mean the daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication published by the Federal Reserve Bank of New York.

Corporate Trust Office of the Trustee:

The term "corporate trust office of the Trustee," or other similar term, shall mean the principal corporate trust office of the Trustee in the Borough of Manhattan, the City and State of New York, at which at any particular time its corporate trust business shall be administered, which office is at the date of the execution of this Indenture located at 101 Barclay Street, 21 W, New York, New York 10286.

CUSIP:

The term "CUSIP" shall mean the registered trademark "Committee on Uniform Securities Identification Procedures" or "CUSIP" and a unique system of identification of each public issue of a security owned by the American Bankers Association and administered by Standard and Poor's Corporation, as agent of the American Bankers Association.

Depository:

The term "Depository" shall mean, unless otherwise specified by the Company pursuant to Section 2.05 hereof, The Depository Trust Company, New York, New York, or any successor thereto registered and qualified under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation.

Discharged:

The term "Discharged" shall have the meaning specified in Section 5.01(c).

Event of Default:

The term "Event of Default" shall mean any event specified in Section 8.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

Fixed Rate Note:

The term "Fixed Rate Note" shall mean a Note which bears interest at a fixed rate specified in the applicable Company Order.

Floating Rate Note:

The term "Floating Rate Note" shall mean a Commercial Paper Rate Note, a LIBOR Note or a Treasury Rate Note.

Global Note:

The term "Global Note" shall mean a single Note that pursuant to Section 2.05 is issued to evidence Notes having identical terms and provisions, which is delivered to the Depository or pursuant to instructions of the Depository and which shall be registered in the name of the Depository or its nominee.

H.15(519)

The term "H.15(519)" shall mean the publication "Statistical Release H.15(519), Selected Interest Rates" or any successor publication published by the Board of Governors of the Federal Reserve System.

Indenture:

The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

Index Maturity:

The term "Index Maturity" of a particular Floating Rate Note shall mean the period to Maturity of the instrument or obligation from which the Base Rate of such Floating Rate Note is calculated, as specified in the applicable Company Order.

Initial Interest Rate:

The term "Initial Interest Rate" for a particular Floating Rate Note shall mean the interest rate specified in the applicable Company Order as in effect from the Original Issue Date of such Floating Rate Note to its First Interest Reset Date.

Interest Accrual Period:

The term "Interest Accrual Period" for a particular Floating Rate Note shall mean the period from the date of issue of such Floating Rate Note, or from an Interest Reset Date, if any, to its next subsequent Interest Reset Date.

Interest Determination Date:

The term "Interest Determination Date" shall mean each Commercial Paper Rate Interest Determination Date, LIBOR Interest Determination Date and Treasury Rate Interest Determination Date.

Interest Factor:

The term "Interest Factor" for a Floating Rate Note for each day in an Interest Accrual Period for such Floating Rate Note shall be computed by dividing the Interest Rate applicable to such day by 360 in the case of Commercial Paper Rate Notes and LIBOR Notes or by the actual number of days in the year in the case of Treasury Rate Notes.

Interest Payment Date:

(a) The term "Interest Payment Date" shall mean with respect to a Floating Rate Note which has an Interest Reset Date which is (1) daily, weekly or monthly: the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable Company Order, (2) quarterly: the third Wednesday of March, June, September and December of each year, (3) semiannually: the third Wednesday of the two months of each year specified in the applicable Company Order; (4) annually: the third Wednesday of the month specified in the applicable Company Order and, in each case, at Maturity. If any Interest Payment Date (other than at Maturity) for any Floating Rate Note would fall on a day that is not a Business Day with respect to such Floating Rate Note, such Interest Payment Date will be the following day that is a Business Day with respect to such Floating Rate Note, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day with

respect to such LIBOR Note;

(b) the term "Interest Payment Date" shall mean with respect to a Fixed Rate Note each May 1 and November 1, or such other dates which are specified in the applicable Company Order during the period such Fixed Rate Note is outstanding, the date of Maturity of such Fixed Rate Note, and with respect to defaulted interest on such Fixed Rate Note, the date established by the Company for the payment of such defaulted interest.

Interest Payment Period:

The term "Interest Payment Period" shall mean for:

(a) each Floating Rate Note on which interest is reset monthly, quarterly, semiannually or annually, and each Fixed Rate Note, the period:

(1) beginning on and including the Original Issue Date of such Note or the most recent Interest Payment Date on which interest was paid on such Note, and

(2) ending on but not including the next Interest Payment Date or, for the last Interest Payment Period, Maturity, of such Note;

(b) each Floating Rate Note on which interest is reset daily or weekly, the period:

(1) beginning on and including the Original Issue Date of such Floating Rate Note, or beginning on but excluding the most recent Record Date through which interest was paid on such Note, and

(2) ending on and including the next Record Date or, for the last Interest Payment Period, ending on but excluding Maturity, of such Note;

provided, however, that the first Interest Payment Period for any Note which has its Original Issue date after a Record Date and prior to its next Interest Payment Date, shall begin on and include such Original Issue Date and (i) end on and include the next Record Date for Floating Rate Notes on which interest is reset daily or weekly, and (ii) end on but not include the second Interest Payment Date after the Original Issue Date for all other Notes.

Interest Rate:

(a) The term "Interest Rate" for a particular Floating Rate Note shall mean (1) from the date of issue of such Floating Rate Note to the first Interest Reset Date for such Floating Rate Note, the Initial Interest Rate, and (2) each Interest Accrual Period commencing on or after such First Interest Reset Date, the Base Rate with reference to the Index Maturity for such Floating Rate Note as specified in the applicable Company Order plus or minus the Spread, if any, multiplied by the Spread Multiplier, if any; provided, in the event no Spread or Spread Multiplier is provided in such Company Order, the Spread and Spread Multiplier shall be zero and one, respectively; provided, further, in no event shall the Interest Rate be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any; and provided, further, the Interest Rate in effect for the ten days immediately prior to Maturity will be the Interest Rate in effect on the tenth day preceding such Maturity and provided, further, the Interest Rate will in no event be higher than the maximum rate permitted by applicable state law, as the same may be modified by United States laws of general application.

(b) The term "Interest Rate" for a particular fixed Rate Note shall mean the interest rate specified in the applicable Company Order.

Interest Reset Date:

The term "Interest Reset Date" shall mean, in the case of a Floating Rate Note specified in the applicable Company Order as being reset (a) daily: each Business Day; (b) weekly: the Wednesday of each week (with the exception of weekly reset Treasury Rate Notes which reset the Tuesday of each week, except as specified below); (c) monthly: the third Wednesday of each

month; (d) quarterly: the third Wednesday of March, June, September and December; (e) semiannually: the third Wednesday of the two months specified in the applicable Company Order; and (f) annually: the third Wednesday of the month specified in the applicable Company Order. If any Interest Reset Date for a Floating Rate Note would otherwise be a day which is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the next preceding Business Day. If, in the case of a Treasury Rate Note, an Interest Reset Date shall fall on a day on which the Treasury auctions Treasury Bills, then such Interest Reset Date shall instead be the first Business Day following such auction.

LIBOR:

The term "LIBOR" for a particular Floating Rate Note, unless otherwise indicated in the applicable Company Order, shall mean, with respect to any LIBOR Interest Determination Date, the rate determined on the basis of the offered rates for deposits (in United States dollars and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time for the period of the Index Maturity specified in the applicable Company Order), commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date, which appears as of 11:00 A.M., London time, on the Reuters Screen LIBO Page on the Reuters Monitor Rates Service on the LIBOR Interest Determination Date. If at least two such offered rates appear on the Reuters Screen LIBO Page, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percent) of such offered rates as determined by the Calculation Agent. If fewer than two such offered rates appear, the Calculation Agent shall request the principal London office of four major banks in the London interbank market selected by the Calculation Agent to provide the Calculation Agent with a quotation of their offered rates for deposits (in United States dollars for the period of the applicable Index Maturity and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time) at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date. If at least two such quotations are provided, LIBOR for such LIBOR Interest Determination Date will equal the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR for such LIBOR Interest Determination Date will equal the arithmetic mean of the rates quoted by three major banks in The City of New York, as selected by the Calculation Agent, at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date for loans to leading European banks (in United States dollars for the period of the applicable Index Maturity and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time) commencing on the second London Banking Day following such LIBOR Interest Determination Date; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as set forth above, LIBOR will be LIBOR in effect on such LIBOR Interest Determination Date.

LIBOR Interest Determination Date:

The term "LIBOR Interest Determination Date" for a LIBOR Note shall mean the Second London Banking Day preceding its Interest Reset Date.

LIBOR Notes:

The term "LIBOR Notes" shall mean Floating Rate Notes which are specified in the applicable Company Order as having interest computed with reference to LIBOR.

London Banking Day:

The term "London Banking Day" shall mean any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Maturity:

The term "Maturity", when used with respect to any Note, shall mean the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the stated maturity thereof or by declaration of acceleration, call for redemption or otherwise.

Maximum Interest Rate:

The term "Maximum Interest Rate" shall mean the maximum rate of interest, if any, which may accrue to any Floating Rate Note during any Interest Accrual Period as specified in the applicable Company Order.

Minimum Interest Rate:

The term "Minimum Interest Rate" shall mean the minimum rate of interest, if any, which may be applicable to any Floating Rate Note during any Interest Accrual Period as specified in the applicable Company Order.

Money Market Yield

The term "Money Market Yield" shall be the yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the Interest Accrual Period for which interest is being calculated.

Mortgage:

The term "Mortgage" shall mean the General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, from the Company to United Missouri Bank of Kansas City, N.A., as trustee, as from time to time supplemented and amended, including but not limited to the Mortgage Supplemental Indenture.

Mortgage Bonds:

The term "Mortgage Bonds" shall mean the Company's mortgage bonds issued under the Mortgage.

Mortgage Supplemental Indenture:

The term "Mortgage Supplemental Indenture" shall mean the Tenth Supplemental Indenture dated as of November 1, 1994, which supplements the Mortgage.

Mortgage Trustee:

The term "Mortgage Trustee" shall mean the trustee at the time serving as such under the Mortgage.

Note or Notes; Outstanding:

The terms "Note or "Notes" shall mean any Fixed Rate or Floating Rate Note or Notes, as the case may be, authenticated and delivered under this Indenture, including any Global Note.

The term "outstanding," when used with reference to Notes, shall, subject to Section 10.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except

(a) Notes theretofore cancelled by the Company or delivered to the Company for cancellation;

(b) Notes, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the

Company (if the Company shall act as its own paying agent), provided that if such Notes are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article Three, or provisions satisfactory to the Trustee shall have been made for giving such notice;

(c) Notes, or portions thereof, which shall have been Discharged; and

(d) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered, or which have been paid, pursuant to Section 2.07.

Noteholder:

The terms "Noteholder" or "holder of Notes" shall mean any Person in whose name at the time a particular Note is registered on the books of the Company kept for that purpose in accordance with the terms hereof.

Officers' Certificate:

The term "Officers' Certificate" when used with respect to the Company, shall mean a certificate signed by the Chairman of the Board, the President or any Vice President and by the Secretary or an Assistant Secretary of the Company. Each such certificate shall include the statements provided for in Section 15.05 if and to the extent required by such Section.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of the Company, or such other counsel who is satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 15.05 if and to the extent required by such Section. In the event that the Indenture requires the delivery of an Opinion of Counsel to the Trustee, the text and substance of which has been previously delivered to the Trustee, the Company may satisfy such requirement by the delivery by the legal counsel that delivered such previous Opinion of Counsel of a letter to the Trustee to the effect that the Trustee may rely on such previous Opinion of Counsel as if such Opinion of Counsel was dated and delivered the date delivery of such Opinion of Counsel is required.

Original Issue Date:

The term "Original Issue Date" shall mean for a particular Note, or portions thereof, the date upon which it, or such portion, was issued by the Company pursuant to this Indenture and authenticated by the Trustee (other than in connection with a transfer, exchange or substitution).

Person:

The term "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Pledged Bond:

The term "Pledged Bond" shall mean the Mortgage Bond, Medium-Term Series E, in the form attached hereto as Exhibit A, issued by the Company pursuant to the Mortgage Supplemental Indenture.

Principal Executive Offices of the Company:

The term "principal executive offices of the Company" shall mean the place where the main corporate offices of the Company are located, currently 1201 Walnut, Kansas City, Missouri 64106, or such other place where the main corporate offices of the Company are located as designated in an Officer's Certificate delivered to the Trustee.

Record Date:

The term "Record Date" shall mean for the Interest Payment Date for the payment of interest for an Interest Payment Period for a particular Note (a) the day which is fifteen calendar days prior to such Interest Payment Date, whether or not such day is a Business Day, (b) the date of Maturity of such Note, unless such date of Maturity for a Fixed Rate Note is a May 1 or a November 1, in which event the Record Date will be as provided in clause (a), and (c) a date which is not less than five Business Days preceding the Interest Payment Date of defaulted interest on such Note established by notice given by first-class mail by or on behalf of the Company to the holder of such Note not less than fifteen days prior to such Interest Payment Date.

Redemption Date:

The term "Redemption Date" for a Note shall mean the date on or after which such Note is redeemable at the option of the Company.

Responsible Officer:

The term "responsible officer" or "responsible officers" when used with respect to the Trustee shall mean one or more of the following: the chairman of the board of directors, the vice chairman of the board of directors, the chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any second or assistant vice president, any assistant cashier, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

Spread:

The term "Spread" applicable to a particular Floating Rate Note shall mean the number of Basis Points above or below the Base Rate for such Floating Rate Note as specified in the applicable Company Order.

Spread Multiplier:

The term "Spread Multiplier" applicable to a particular Floating Rate Note shall mean the percentage of the Base Rate applicable to the Interest Rate for such Floating Rate Note as specified in the applicable Company Order.

Treasury:

The term "Treasury" shall mean the United States Department of Treasury.

Treasury Bills:

The term "Treasury Bills" shall mean direct obligations of the United States.

Treasury Rate:

The term "Treasury Rate" for a particular Floating Rate Note, unless otherwise indicated in the Applicable Company Order, shall mean with respect to any Treasury Rate Interest Determination Date, the rate applicable to the most recent auction of Treasury Bills having the Index Maturity specified in the applicable Company Order, as such rate is published in H.15(519) under the heading "Treasury bills-auction average (investment)" or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Rate Interest Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the Treasury. In the event that the results of the auction of Treasury Bills having the specified Index Maturity are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent

on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the applicable Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as set forth above, the Treasury Rate will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Treasury Rate Interest Determination Date:

The term "Treasury Rate Interest Determination Date" for a Treasury Rate Note shall mean the day of the week in which its Interest Reset Date falls on which Treasury Bills normally would be auctioned, provided, however, that if as a result of a legal holiday an auction is held on the Friday of the week preceding such Interest Reset Date, the related Treasury Rate Interest Determination Date shall be the preceding Friday.

Treasury Rate Notes:

The term "Treasury Rate Notes" shall mean Floating Rate Notes which are specified in the applicable Company Order as having interest computed with reference to the Treasury Rate.

Trustee:

The term "Trustee" shall mean The Bank of New York and, subject to Article Nine, shall also include any successor Trustee.

U.S. Government Obligations:

The term "U.S. Government Obligations" shall mean (a) direct non-callable obligations of, or non-callable obligations guaranteed as to timely payment of principal and interest by, the United States of America or an agency thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged or (b) certificates or receipts representing direct ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) above, which obligations are held by a custodian in safekeeping on behalf of such certificates or receipts.

ARTICLE TWO.

Form, Issue, Execution, Registration And Exchange Of Notes.

Section 2.01. Form Generally.

(a) The Notes shall be titled "Secured Medium-Term Notes", and, if such Notes shall be in the form of (a) a Fixed Rate Note which is a Global Note, shall be in substantially the form set forth in Exhibit B, (b) a Fixed Rate Note which is not a Global Note, shall be in substantially the form set forth in Exhibit C, (c) a Floating Rate Note which is a Global Note, shall be in substantially the form set forth in Exhibit D, and (d) a Floating Rate Note which is not a Global Note, shall be in substantially the form set forth in Exhibit E, to this Indenture, or in any such case such other form as shall be established by a Board Resolution, or an Officers' Certificate pursuant to a Board Resolution, or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or with applicable law or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes. If the form of Notes is established by a Board Resolution, or an Officers' Certificate pursuant to a Board Resolution, a copy of such Board Resolution or Officer's Certificate shall be delivered to the Trustee at or prior to the delivery to the Trustee of the Company Order contemplated by Section 2.05 for the authentication and delivery of such Notes.

(b) The definitive Notes shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Section 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Notes shall be in substantially the following form:

Trustee's Certificate of Authentication

This is one of the Notes designated therein referred to in the within-mentioned Indenture.

The Bank of New York,
as Trustee

By _____
Authorized Signatory

Section 2.03. Amount Limited. The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to \$125,000,000, or such lesser amount as may from time to time be established by an Officers' Certificate delivered to the Trustee.

Section 2.04. Denominations, Dates, Interest Payment and Record Dates.

(a) The Notes shall be issuable in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

(b) Each Note shall be dated and issued as of the date of its authentication by the Trustee, and shall bear an Original Issue Date or, as provided in Section 2.12(e), two or more Original Issue Dates; each Note issued upon transfer, exchange or substitution of a Note shall bear the Original Issue Date or Dates of such transferred, exchanged or substituted Note, subject to Section 2.12(e).

(c) Each Note shall bear interest, if any, at its Interest Rate during each Interest Payment Period for such Note, from the later of (1) its Original Issue Date (or, if pursuant to Section 2.12, a Global Note has two or more Original Issue Dates, interest shall, beginning on each such Original Issue Date, begin to accrue for that part of the principal amount of such Global Note to which that Original Issue Date is applicable), or (2) the most recent date to which any interest has been paid or duly provided for until the principal of such Note is paid or made available for payment, and Accrued Interest on each Note shall be payable for each Interest Payment Period on the Interest Payment Date immediately subsequent to the Record Date for the payment of interest for such Interest Payment Period.

(d) All percentages resulting from any calculation of the Interest Rate for a Floating Rate Note shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation shall be rounded to the nearest cent (with one-half cent being rounded upward).

(e) Each Note shall mature on a date specified in such Note not less than nine months nor more than 30 years after its Original Issue Date, and the principal amount of each outstanding Note shall be payable on the maturity date specified therein.

(f) The Person in whose name any Note is registered at the close of business on any Record Date with respect to an Interest Payment Date for such Note shall be entitled to receive the Accrued Interest payable on such Note on such Interest Payment Date notwithstanding the cancellation of such Note upon

any registration of transfer, exchange or substitution of such Note subsequent to such Record Date and prior to such Interest Payment Date.

(g) The Company shall cause the Calculation Agent to calculate each Interest Rate applicable to each Floating Rate Note in accordance with this Indenture, and the Company shall, or shall cause the Calculation Agent to, notify the Trustee of each determination of such Interest Rate promptly after such determination.

(h) On the fifth Business Day immediately preceding each Interest Payment Date, the Trustee shall furnish to the Company a notice setting forth the total amount of the Accrued Interest payments to be made on such Interest Payment Date and to the Depositary, a notice setting forth the total amount of Accrued Interest payments to be made on Global Notes on such Interest Payment Date. The Trustee will provide monthly to the Company a list of the principal of and any premium and Accrued Interest to be paid on Notes in the next succeeding month and to the Depositary a list of the principal of and any premium and Accrued Interest to be paid on Global Notes in the such succeeding month. Promptly after the first Business Day of each month, the Trustee shall furnish to the Company a written notice setting forth the aggregate principal amount of the Global Notes. The Company will provide to the Trustee not later than the payment date sufficient moneys to pay in full all principal of and any premium and Accrued Interest payments due on such payment date. The Trustee shall assume responsibility for withholding taxes on interest paid as required by law.

(i) Upon the request of any Noteholder of a Floating Rate Note, the Trustee shall provide to such Noteholder the Interest Rate then in effect and, if determined, the Interest Rate that will become effective on the next Interest Reset Date, with respect to such Floating Rate Note.

Section 2.05. Execution, Authentication, Delivery and Dating.

(a) The Notes shall be executed on behalf of the Company by the Chairman of the Board, the President or any Vice President under its corporate seal (which may be in the form of a facsimile thereof and may be printed, engraved or otherwise reproduced thereon) attested by the Secretary or an Assistant Secretary. The signature of any of such officers on any Notes may be manual or facsimile.

(b) Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with one or more Company Orders for the authentication and delivery of such Notes, and the Trustee in accordance with any such Company Order shall authenticate such Notes and make them available for delivery. Prior to authenticating such Notes, and in accepting the additional responsibilities under this Indenture in relation to such Notes, the Trustee shall be entitled to receive the following only at or before the first issuance of Notes, and (subject to Section 9.01) shall be fully protected in relying upon:

(1) a Board Resolution authorizing this Indenture and the Notes, and if applicable, an appropriate record of any action taken pursuant to such Board Resolution, certified by the Secretary or an Assistant Secretary of the Company;

(2) an Officers' Certificate designating one or more Authorized Agents and officers of the Company who are authorized to give Company Orders for the issuance of, and specifying terms of, Notes and, if appropriate, setting forth the form of Notes in accordance with Section 2.01;

(3) an Opinion of Counsel stating,

(A) if the form of Notes has been established by or pursuant to a Board Resolution or, an Officers' Certificate pursuant to a Board Resolution, or in a supplemental indenture as permitted by Section 2.01, that such form has been established in conformity with this Indenture;

(B) that the Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(C) that the Indenture and the Mortgage Indenture are qualified under the TIA;

(D) that the issuance of the Pledged Bond has been duly authorized, the Pledged Bond has been duly authorized, executed and delivered and the Pledged Bond is a legal, valid and a legally binding obligation of the Company enforceable in accordance with its terms and entitled to the benefits of the Mortgage Indenture, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(E) that any supplemental indenture referred to in (A) above has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(F) that the Notes, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(G) that all laws and requirements in respect of the execution, delivery and sale by the Company of the Notes have been complied with;

(H) that the Company is not in default in any of its obligations under this Indenture or the Mortgage Indenture, and that the issuance of the Notes will not result in any such default; and

(I) such other matters as the Trustee may reasonably request.

(4) the Pledged Bond; and

(5) the Opinion of Counsel required by Section 6.05(a).

(d) The Trustee shall have the right to decline to authenticate and deliver any Note:

(1) if the issuance of such Note pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Notes and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee;

(2) if the Trustee, being advised by counsel, determines that such action may not lawfully be taken; or

(3) if the Trustee in good faith by its Board of Directors, executive committee or a trust committee of directors and/or responsible officers in good faith determines that such action would expose the Trustee to personal liability to holders of any outstanding Notes.

(e) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture, provided, however, that if any Note shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Note to the Trustee for cancellation as provided in Section 2.09, for all purposes of this Indenture such Note shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 2.06. Exchange and Registration of Transfer of Notes.

(a) Subject to Section 2.12, Notes may be exchanged for one or more new Notes, of any authorized denominations and of a like aggregate principal amount and stated maturity and having the same terms and Original Issue Date or Dates. Notes to be exchanged shall be surrendered at any of the offices or agencies to be maintained by the Company for such purpose as provided in Section 6.02, and the Company shall execute and register and the Trustee shall authenticate and deliver in exchange therefor the Note or Notes which the Noteholder making the exchange shall be entitled to receive.

(b) The Trustee on behalf of the Company shall keep, at one of said offices or agencies, a register in which, subject to such reasonable regulations as it or the Company may prescribe, the Trustee shall register or cause to be registered Notes and shall register or cause to be registered the transfer of Notes as in this Article Two provided. Such register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times such register shall be open for inspection by the Trustee. Upon due presentment for registration of transfer of any Note at any such office or agency, the Company shall execute and register or cause to be registered and the Trustee shall authenticate and make available for delivery, in the name of the transferee or transferees, one or more new Notes, of any authorized denominations and of a like aggregate principal amount and stated maturity and having the same terms and Original Issue Date or Dates.

(c) All Notes presented for registration of transfer or for exchange, redemption or payment shall (if so required by the Company) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee duly executed by, the holder or the attorney of such holder duly authorized in writing.

(d) No service charge shall be made for any exchange or registration of transfer of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(e) The Company shall not be required to exchange or register a transfer of any Notes selected, called or being called for redemption except, in the case of any Note to be redeemed in

part, the portion thereof not to be so redeemed.

(f) If the principal amount and any applicable premium or part, but not all of a Global Note is paid, then upon surrender to the Trustee of such Global Note, the Company shall execute, and the Trustee shall authenticate, and make available for delivery, a Global Note in an authorized denomination in aggregate principal amount equal to, and having the same terms and Original Issue Date or Dates as, the unpaid portion of such Global Note.

Section 2.07. Mutilated, Destroyed, Lost or Stolen Notes.

(a) In case any temporary or definitive Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Note of like form and principal amount and having the same terms and Original Issue Date or Dates and bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company, the Trustee, any Authenticating Agent or Note registrar such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft of a Note, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

(b) The Trustee may authenticate any such substituted Note and deliver the same upon the written request or authorization of any officer of the Company. Upon the issuance of any substituted Note, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note) if the applicant for such payment shall furnish to the Company, the Trustee, any Authenticating Agent or Note registrar such security or indemnity as may be required by them to save each of them harmless and, in case of destruction, loss or theft, evidence satisfactory to the Company and the Trustee of the destruction, loss or theft of such Note and of the ownership thereof.

(c) Every substituted Note issued pursuant to this Section 2.07 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not such destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder. All Notes shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.08. Temporary Notes.

Pending the preparation of definitive Notes, the Company may execute and the Trustee shall authenticate and make available for delivery, temporary Notes (printed, lithographed or otherwise reproduced). Temporary Notes shall be issuable in any authorized denomination and substantially in the form of the definitive Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Notes. Without unreasonable delay the Company will execute and register and will deliver to the Trustee definitive Notes and thereupon any or all temporary Notes may be surrendered in exchange therefor, at the Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Notes an

equal aggregate principal amount of definitive Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor to the Noteholders. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes authenticated and made available for delivery hereunder.

Section 2.09. Cancellation of Notes Paid, etc. All Notes surrendered for the purpose of payment, redemption, exchange or registration of transfer shall be surrendered to the Trustee for cancellation and promptly cancelled by it and no Notes shall be issued in lieu thereof except as expressly permitted by this Indenture. All Notes so cancelled shall be retained by the Trustee. If the Company shall acquire any of the Notes, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are cancelled by the Trustee.

Section 2.10. Interest Rights Preserved. Each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note shall carry all the rights to unpaid Accrued Interest, and interest to accrue, which were carried by such other Note, and each such Note shall be so dated that neither gain nor loss of interest shall result from such transfer, exchange or substitution.

Section 2.11. Payment of Notes. The principal of and any premium and Accrued Interest on all Notes shall be payable as follows:

(a) On or before 10:00 a.m., New York City time, of the day on which payment of principal, Accrued Interest and premium is due on any Global Note pursuant to the terms thereof, the Company shall deliver to the Trustee immediately available funds sufficient to make such payment. On or before 10:30 a.m., New York City time or such other time as shall be agreed upon between the Trustee and the Depositary, of the day on which such payment is due, the Trustee shall deposit with the Depositary such funds by wire transfer into the account specified by the Depositary. As a condition to the payment at the Maturity of any part of the principal and applicable premium of any Global Note, the Depositary shall surrender, or cause to be surrendered, such Global Note to the Trustee, whereupon a new Global Note shall be issued to the Depositary pursuant to Section 3.03(d).

(b) With respect to any Note that is not a Global Note, principal, any premium and Accrued Interest due at the Maturity of such Note shall be payable in immediately available funds when due upon presentation and surrender of such Note at the Corporate Trust Office of the Trustee. Accrued Interest on any Note that is not a Global Note (other than Accrued Interest payable at the maturity date) shall be paid in a clearinghouse funds check mailed on the Interest Payment Date; provided, however, that if any holder of Notes, the aggregate principal amount of which equals or exceeds \$10,000,000, provides a written request to the Trustee on or before the applicable Record Date for such Interest Payment Date, Accrued Interest on such principal amount shall be paid by wire transfer of immediately available funds to a bank within the continental United States or by direct deposit into the account of such holder if such account is maintained with the Trustee.

Section 2.12. Notes Issuable in the Form of a Global Note.

(a) If the Company shall establish pursuant to Section 2.05 that the Notes of a particular series are to be issued in whole or in part in the form of one or more Global Notes, then the Company shall execute and the Trustee shall, in accordance with Section 2.05 and the Company Order delivered to the Trustee thereunder, authenticate and make available for delivery, such Global Note or Notes, which (1) shall represent, shall be denominated in an amount equal to the aggregate principal amount of, and shall have the same terms as, the outstanding Notes to be represented by such Global Note or Notes, (2) shall be registered in the name of the Depositary or its nominee, (3) shall be delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction and (4) shall bear a legend substantially to the following effect: "Unless and until it is exchanged in whole or in part for the individual Notes

represented hereby, this Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary."

(b) Notwithstanding any other provision of Section 2.06 or of this Section 2.12, unless the terms of a Global Note expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part, only to a nominee of the Depositary, or by a nominee of the Depositary to the Depositary, or to a successor Depositary for such Global Note selected or approved by the Company or to a nominee of such successor Depositary.

(c) (1) If at any time the Depositary for a Global Note notifies the Company that such Depositary is unwilling or unable to continue as Depositary for such Global Note or if at any time the Depositary for a Global Note shall no longer be eligible or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor Depositary with respect to such Global Note. If a successor Depositary for such Global Note is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 2.05(c)(6) shall no longer be effective with respect to such Global Note and the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Notes of such series in exchange for such Global Note, shall authenticate and make available for delivery, individual Notes of such series of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Note in exchange for such Global Note. The Trustee shall not be charged with knowledge of notice of the ineligibility of a Depositary unless a responsible officer assigned to and working in its corporate trustee administration department shall have actual knowledge thereof.

(2) The Company may at any time and in its sole discretion determine that all outstanding (but not less than all) the Notes issued or issuable in the form of one or more Global Notes shall no longer be represented by such Global Note or Notes. In such event the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Notes in exchange for such Global Note, shall authenticate and make available for delivery, individual Notes of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Note or Notes in exchange for such Global Note or Notes.

(3) If agreed upon by the Company and the Depositary with respect to Notes issued in the form of a Global Note, the Depositary for such Global Note shall surrender such Global Note in exchange in whole or in part for individual Notes of like tenor and terms in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and make available for delivery, without a service charge, (A) to each Person specified by the Depositary, a new Note or Notes of like tenor and terms, and of any authorized denomination as requested by such Person, in aggregate principal amount equal to and in exchange for the beneficial interest of such Person in such Global Note; and (B) to such Depositary a new Global Note of like tenor and terms and in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Note and the aggregate principal amount of Notes delivered to Holders thereof.

(4) In any exchange provided for in Section 2.12(c)(1),(2) or (3), the Company will execute and the Trustee will authenticate and make available for delivery, individual Notes in definitive registered form in authorized denominations. Upon the exchange of a Global Note for individual Notes, such Global Note shall be cancelled by the Trustee. Notes issued in exchange for a Global Note pursuant to this Section 2.12 shall be registered in such names and in such authorized denominations as the Depositary for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Notes to

the Depository for delivery to the Persons in whose names such Notes are so registered, or if the Depository shall refuse or be unable to deliver such Notes, the Trustee shall deliver such Notes to the Persons in whose names such Notes are registered, unless otherwise agreed upon by the Trustee and the Company.

(d) Neither the Company, the Trustee or any Authenticating Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) Pursuant to the provisions of this subsection, at the option of the Trustee and upon thirty days' written notice to the Depository, the Depository shall be required to surrender any two or more Global Notes which have identical terms, including, without limitation, identical maturities, interest rates and redemption provisions (but which may have differing Original Issue Dates) to the Trustee, and the Company shall execute and the Trustee shall authenticate and deliver to, or at the direction of, the Depository a Global Note in principal amount equal to the aggregate principal amount of, and with all terms identical to, the Global Notes so surrendered to the Trustee, and such new Global Note shall indicate each applicable Original Issue Date and the principal amount applicable to each such Original Issue Date. The exchange contemplated in this subsection shall be consummated at least 30 days prior to any Interest Payment Date applicable to any of the Global Notes so surrendered to the Trustee. Upon any exchange of any Global Note with two or more original Issue Dates, whether pursuant to this Section or pursuant to Section 2.06 or Section 3.03, the aggregate principal amount of the Notes with a particular Original Issue Date shall be the same before and after such exchange, giving effect to any retirement of Notes and the Original Issue Dates applicable to such Notes occurring in connection with such exchange.

Section 2.13. CUSIP Numbers. The Company in issuing Notes may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use CUSIP numbers in notices of redemption Notes as a convenience to Noteholders, provided, that any such notice may state that no representation is made as to the correctness of such CUSIP numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE THREE.

Redemption of Notes

Section 3.01. Applicability of Article. The provisions of this Article Three shall be applicable to any Notes which are redeemable prior to their stated maturity date.

Section 3.02. Notice of Redemption; Selection of Notes.

(a) The election of the Company to redeem any Notes shall be evidenced by a Board Resolution which shall be given with notice of redemption to the Trustee ten Business Days prior to the giving of the notice of redemption to holders of such Notes.

(b) Notice of redemption to each holder of Notes to be redeemed as a whole or in part shall be given in the manner provided in Section 15.10 no less than 30 nor more than 60 days prior to the date fixed for redemption. Any notice which is given in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Noteholder receives the notice. In any case, failure duly to give such notice, or any defect in such notice, to the holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

(c) Each such notice shall specify the date fixed for redemption, the places of redemption and the redemption price at which such Notes are to be redeemed, and shall state that payment of the redemption price of such Notes or portion thereof to be redeemed will be made on surrender of such Notes at such places of redemption, that Accrued Interest to the date fixed for redemption will be paid as specified in such notice, and that from and after such date interest thereon will cease to accrue. If less than all the Notes having the same terms are to be redeemed, the notice shall specify the Notes or portions thereof to be redeemed. In case any Note is to be redeemed in part only, the notice which relates to such Note shall state the portion of the principal amount thereof to be redeemed (which shall be \$1,000 or any integral multiple thereof), and shall state that, upon surrender of such Note, a new Note or Notes having the same terms in aggregate principal amount equal to the unredeemed portion thereof will be issued.

(d) If less than all of the Notes having the same terms are to be redeemed, the Trustee shall select in such manner as it shall deem appropriate and fair in its discretion the particular Notes to be redeemed as a whole or in part and shall thereafter promptly notify the Company in writing of the Notes so to be redeemed. Notes shall be redeemed only in denominations of \$1,000, provided, that any remaining principal amount of a Note redeemed in part shall be at least \$1,000.

(e) If at the time of the mailing of any notice of redemption the Company shall not have irrevocably directed the Trustee to apply funds deposited with the Trustee or held by it and available to be used for the redemption of Notes to redeem all the Notes called for redemption, such notice may state that it is subject to the receipt of the redemption moneys by the Trustee before the date fixed for redemption and that such notice shall be of no effect unless such moneys are so received before such date.

Section 3.03. Payment of Notes on Redemption; Deposit of Redemption Price.

(a) If notice of redemption shall have been given as provided in Section 3.02, such Notes or portions of Notes called for redemption shall become due and payable on the date and at the places stated in such notice at the applicable redemption price, together with Accrued Interest to the date fixed for redemption of such Notes, and on and after such date fixed for redemption, provided that the Company shall have deposited with the Trustee on such date of redemption the amount sufficient to pay the redemption price together with Accrued Interest to the date fixed for redemption. Interest on the Notes or portions thereof so called for redemption shall cease to accrue and such Notes or portions thereof shall be deemed not to be entitled to any benefit under this Indenture except to receive payment of the redemption price together with Accrued Interest thereon to the date fixed for redemption. On presentation and surrender of such Notes at such a place of payment in such notice specified, such Notes or the specified portions thereof shall be paid and redeemed at the applicable redemption price, together with Accrued Interest thereon to the date fixed for redemption.

(b) The Company shall not mail any notice of redemption of Notes during the continuance of any Event of Default, except (1) that where notice of redemption of any Notes has been mailed, the Company shall redeem such Notes provided that funds have theretofore been deposited for such purpose, and (2) that notices of redemption of all outstanding Notes may be given during the continuance of an Event of Default.

(c) If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal of and any premium on such Note, shall until paid bear interest from the date set for redemption at the rate borne by such Note.

(d) Upon surrender of any Note redeemed in part only, the Company shall execute and register, and the Trustee shall authenticate and make available for delivery, a new Note or Notes of authorized denominations in aggregate principal amount equal to, and having the same terms and Original Issue Date or Dates as, the unredeemed portion of the Note so surrendered.

Pledged Bond.

Section 4.01. Pledge. The Company hereby delivers to and pledges with the Trustee, for the benefit of the holders from time to time of the Notes, the Pledged Bond, fully registered in the name of the Trustee, in trust for the holders of the Notes as security for (a) the full and prompt payment of the principal of each Note when and as the same shall become due in accordance with the terms and provisions of this Indenture, either at the stated maturity thereof, upon acceleration of the maturity thereof or upon call for redemption, and (b) the full and prompt payment of any premium and interest on each Note when and as the same shall become due in accordance with the terms and provisions of this Indenture.

Section 4.02. Receipt. The Trustee acknowledges receipt of the Pledged Bond, for the benefit of the holders from time to time of the Notes.

Section 4.03. Trustee to Exercise Rights of Mortgage Bondholder. As the holder of the Pledged Bond, the Trustee shall have and exercise all of the rights of a holder of Mortgage Bonds possessed under the Mortgage.

Section 4.04. No Transfer of Pledged Bond; Exception. Except as required to effect an assignment to a successor trustee under this Indenture, the Trustee shall not sell, assign or transfer the Pledged Bond and the Company shall issue stop transfer instructions to the Mortgage Trustee and any transfer agent under the Mortgage to effect compliance with this Section 4.04.

Section 4.05. Release of Pledged Bond. When (a) all of the principal of and any premium and interest on all Notes shall have been paid or provision therefor duly made in accordance with this Indenture, or (b) all Notes shall have been delivered to the Trustee for cancellation by or on behalf of the Company, or (c) no Note is any longer outstanding under this Indenture and all conditions in Article Five have been satisfied, the Trustee shall upon request of the Company, within five Business Days thereafter, deliver to the Company without charge the Pledged Bond, together with such appropriate instruments of release as may be required; the Pledged Bond so acquired by the Company shall be delivered to the Mortgage Trustee for cancellation.

Section 4.06. Voting of Pledged Bond.

(a) The Trustee, as holder of the Pledged Bond, shall attend meetings of Bondholders under the Mortgage and either at such meeting, or otherwise when the consent of holders of Mortgage Bonds is sought without a meeting, the Trustee shall vote the outstanding principal amount of the Pledged Bond, or shall consent with respect thereto, proportionally with respect to all other Mortgage Bonds then outstanding and eligible to vote or consent.

(b) Notwithstanding Section 4.06(a), the Trustee shall not vote any portion of the outstanding principal amount of the Pledged Bond in favor of, or give its consent to, any action which, in the opinion of the Trustee, would materially adversely affect the interests of the Noteholders, except with the appropriate consent of the Noteholders.

Section 4.07. Note Issuances Recorded on Pledged Bond. The Trustee shall record on the schedule to the Pledged Bond (a) the Original Issue Date or Dates for each Note issued under this Indenture, (b) the principal amount of each Note, (c) the Interest Rate, if any, payable on each Fixed Rate Note and the Base Rate of each Floating Rate Note, (d) the date or dates upon which the principal of and any premium or interest on each Note are payable, (e) the Redemption Date, if any, of such Note, and (f) the date on which each Note ceases to be outstanding under this Indenture; the Trustee shall furnish to the Mortgage Trustee within five Business Days after the end of each calendar month during which Notes were issued, a photocopy of the Pledged Bond, including the schedule to the Pledged Bond which shall show clearly the Notes outstanding as of the end of such calendar month.

Section 4.08. Further Assurances. The Company, at its own expense, shall do such further lawful acts and things, and execute and deliver such additional conveyances, assignments, assurances, agreements, financing statements and instruments, as the Trustee may at any time reasonably request in order to better assign, assure, perfect and confirm to the Trustee its security interest in the Pledged Bond and for maintaining, protecting and preserving such security interest.

ARTICLE FIVE.

Satisfaction and Discharge; Unclaimed Moneys.

Section 5.01. Satisfaction and Discharge.

(a) If at any time

(1) the Company shall have paid or caused to be paid the principal of and premium, if any, and interest on all the outstanding Notes, as and when the same shall have become due and payable, or

(2) the Company shall have delivered to the Trustee for cancellation all Notes theretofore authenticated (other than any Notes which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.07 hereof), or

(3) (A) all such Notes not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within the year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (B) the Company shall have irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Company in accordance with Section 5.03 or moneys paid to any State or to the District of Columbia pursuant to its unclaimed property or similar laws), U.S. Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of cash, or a combination of cash and U.S. Government Obligations, sufficient to pay at maturity all outstanding Notes not theretofore delivered to the Trustee for cancellation, including principal and any premium and interest due or to become due to such date of maturity, as the case may be, and if, in any such case, the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange of Notes, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments of principal thereof and any premium and interest thereon, upon the original stated due dates therefor (but not upon acceleration of maturity), (iv) the rights, obligations and immunities of the Trustee hereunder and (v) the rights of the holders of Notes as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 9.06 shall survive.

(b) The Company shall be deemed to have been Discharged from its obligations with respect to the Notes on the 91st day after the applicable conditions set forth below have been satisfied:

(1) the Company shall have deposited or caused

to be deposited irrevocably with the Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the Notes

(A) money in an amount, or

(B) U.S. Government Obligations, or a combination of money and U.S. Government Obligations, which through the payment of interest and principal in respect thereof in accordance with their terms will provide, in the opinion of an accountant, who is also an employee of the Company, expressed in a written certification thereof delivered to the Trustee, not later than one day before the due date of any payment, money in an amount

sufficient to pay and discharge each installment of principal of and any premium and interest on the outstanding Notes on the dates such installments of interest or principal are due, provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of such installments of principal of and any premium and interest with respect to the outstanding Notes; and

(2) no Event of Default or event (including such deposit) which with notice or lapse of time would become an Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit.

(c) "Discharged" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Notes and to have satisfied all the obligations under this Indenture relating to the Notes (and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the expense of the Company, shall execute proper instruments acknowledging the same), except

(1) the rights of holders of the Notes to receive, from the trust fund described in Section 5.01(b)(1), payments of the principal of and interest on the Notes when such payments become due;

(2) the Company's obligations with respect to the Notes under Sections 2.06, 2.07, 5.02, 5.03 and 6.02; and

(3) the rights, powers, trusts, duties and immunities of the Trustee with respect to the Notes as specified in this Indenture, including the rights of the Trustee to receive payment or reimbursement of compensation and expenses pursuant to Section 9.06.

Section 5.02. Deposited Moneys to Be Held in Trust by Trustee. All moneys and U.S. Government Obligations deposited with the Trustee pursuant to Section 5.01 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Notes for the payment or redemption of which such moneys and U.S. Government Obligations have been deposited with the Trustee, of all sums due and to become due thereon for principal and premium, if any, and interest.

Section 5.03. Return of Unclaimed Moneys. Any moneys deposited with or paid to the Trustee for payment of the principal of or any premium or interest on any Notes and not applied but remaining unclaimed by the holders of such Notes for two years after the date upon which the principal of or any premium or interest on such Notes, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on written demand and all liability of the Trustee shall thereupon cease; and any holder of any of such Notes shall thereafter look only to the Company for any payment which such holder may be entitled to collect; provided, however, that the Trustee before being required to make any such repayment, may at

the expense of the Company cause to be mailed to such holder notice that such money remains unclaimed and that, after a date specified therein which shall not be less than 30 days from the date of such mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 5.04. Reinstatement. If the Trustee is unable to apply any money or U.S. Government Obligations in accordance with Section 5.01 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture with respect to the Notes to which such money or U.S. Government Obligations were to have been applied shall be revived and reinstated as though no deposit had occurred pursuant to Section 5.01 until such time as the Trustee is permitted to apply such money or U.S. Government Obligations in accordance with Section 5.01; provided, however, that if the Company has made any payment of principal of or any premium or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee.

ARTICLE SIX.

Particular Covenants of the Company.

Section 6.01. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of the holders of the Notes that it will duly and punctually pay or cause to be paid the principal of and any premium and interest on each of the Notes at the places, at the respective times and in the manner provided in such Notes.

Section 6.02. Office for Notices and Payments, etc. So long as any of the Notes remain outstanding, the Company will maintain in the Borough of Manhattan, The City and State of New York, an office or agency where the Notes may be presented for registration of transfer and for exchange as in this Indenture provided, and where, at any time when the Company is obligated to make a payment upon Notes (other than an interest payment as to which it has exercised its option to make such payment by check), the Notes may be presented for payment, and shall maintain at any such office or agency and at its principal office an office or agency where notices and demands to or upon the Company in respect of the Notes or of this Indenture may be served, provided that the Company may maintain at its principal executive offices, one or more other offices or agencies for any or all of the foregoing purposes; the Company hereby appoints the Trustee as agent of the Company for the foregoing purposes. The Company will give to the Trustee written notice of the location of each such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations may be made and notices and demands may be served at the corporate trust office of the Trustee.

Section 6.03. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 9.11, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 6.04. Annual Statement and Notice. (a) The Company will deliver to the Trustee within 120 days after the end of each fiscal year of the Company, beginning with the fiscal year ending December 31, 1994, an Officers' Certificate which complies with TIA Section 314(a)(4) stating that in the course of the performance by the signers of their duties as officers of the Company they would obtain knowledge of any default by the Company in the performance of any covenant contained in this Indenture or an Event of Default (as defined in the Mortgage) stating whether they have obtained knowledge of any such default or such Event of Default, and, if so, specifying each such default or such Event of Default of which the signers have knowledge, and the nature and status thereof.

(b) The Company shall give to the Trustee written notice of the occurrence of an Event of Default within five days

after the Company becomes aware of such occurrence.

Section 6.05. Opinions of Counsel. The Company will cause this Indenture and any indentures supplemental to this Indenture to be promptly recorded and filed and rerecorded and refiled in such a manner and in such places, as may be required by law in order fully to preserve and protect the security of the Noteholders and all rights of the Trustee, and will deliver to the Trustee:

(a) promptly after the execution and delivery of this Indenture and of any indenture supplemental to this Indenture, an Opinion of Counsel either stating that in the opinion of such counsel this Indenture or such supplemental indenture has been properly recorded and filed so as to make effective the security interest of the Trustee, for the benefit of the holders from time to time of the Notes, in the Pledged Bond, intended to be created by this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such security interest effective; and

(b) on or before February 15, of each year, beginning in 1995, an Opinion of Counsel either stating that in the opinion of such counsel such action has been taken, since the date of the most recent Opinion of Counsel furnished pursuant to this Section 6.05(b) or the first Opinion of Counsel furnished pursuant to Section 6.05(a), with respect to the recording, filing, rerecording, or refiled of this Indenture and each supplemental indenture, as is necessary to maintain the security interest of the Trustee, for the benefit of the holders from time to time of the Notes, in the Pledged Bond intended to be created by this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such security interest.

ARTICLE SEVEN.

Noteholder Lists and Reports by the Company and the Trustee.

Section 7.01. Noteholder Lists. If it is not the registrar for the Notes, the Company will, so long as any Notes are outstanding under this Indenture, furnish or cause to be furnished to the Trustee within 15 days prior to each Interest Payment Date on Notes from time to time outstanding, and at such other times as the Trustee, may request in writing, the information required by TIA Section 312(a), which the Trustee shall preserve as required by TIA Section 312(a). The Trustee shall also comply with TIA Section 312(b), but the Trustee, the Company and each Person acting on behalf of the Trustee or the Company shall have the protection of TIA Section 312(c).

Section 7.02. Securities and Exchange Commission Reports. The Company shall (a) file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the reports, information and documents (or portions thereof) required to be so filed pursuant to TIA Section 314(a), and (b) comply with the other provisions of TIA Section 314(a).

Section 7.03. Reports by the Trustee. The Trustee shall (a) transmit within 60 days after August 15 in each year, beginning with the year 1995, to the Noteholders specified in TIA Section 3.13(c) and to the Securities and Exchange Commission, a brief report dated as of such August 15 and complying with the requirements of TIA Section 313(a), but no report shall be required if no event described in TIA Section 313(a) shall have occurred within the previous twelve months ending on such date. The Trustee shall also comply with the other provisions of TIA Section 313(b)(2).

ARTICLE EIGHT.

Remedies of the Trustee and Noteholders on Event of Default.

Section 8.01. Events of Default.

(a) In case one or more of the following Events of

Default shall have occurred and be continuing with respect to the Notes:

(1) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(2) default in the payment of the principal of or any premium on any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of one day (whether at the stated maturity thereof or upon declaration of acceleration or call for redemption or otherwise);

(3) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company contained in the Notes or in this Indenture for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder, shall have been given to the Company by the Trustee by registered mail, or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes at the time outstanding provided, however, that, subject to Sections 9.01 and 6.04, the Trustee shall not be deemed to have knowledge of such failure unless either (A) a responsible officer of the Trustee shall have actual knowledge of such failure, or (B) the Trustee shall have received written notice thereof from the Company or any Noteholder;

(4) an event of Default (as defined in the Mortgage) has occurred and the principal of the Mortgage Bonds has been declared and become due and payable in the manner and with the effect provided in the Mortgage;

(5) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Company under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the filing by the Company of a petition or answer or consent seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or of any substantial part of its property, or the failure of the Company generally to pay its debts as such debts become due, or the taking of corporate action by the Company in furtherance of any such action;

then and in each and every such case, unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the holders of a majority in aggregate principal amount of the Notes then outstanding, by notice in writing to the Company (and to the Trustee if given by Noteholders), may declare the principal of all the Notes to be due and payable immediately and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Notes contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee

a sum sufficient to pay all matured installments of interest upon all of the Notes and the principal of and any premium on any and all Notes which shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent that payment of such interest is enforceable under applicable law, and on such principal and any premium at the rate borne by the Notes to the date of such payment or deposit) and all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any and all defaults under this Indenture, other than the non-payment of principal of and accrued interest on Notes which shall have become due by acceleration of maturity, shall have been cured or waived -- then and in every such case the holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all such defaults and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

(b) In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceeding had been taken.

Section 8.02. Payment of Notes on Default; Suit Therefor.

(a) The Company covenants that in case of

(1) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of or any premium on any of the Notes as and when the same shall have become due and payable, and continuance of such default for a period of one day (whether at the stated maturity thereof or upon declaration of acceleration or call for redemption or otherwise)

then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Notes, the whole amount that then shall have so become due and payable on all such Notes for principal and any premium or interest, or both, as the case may be, with interest upon the overdue principal and any premium and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate borne by the Notes; and, in addition thereto, such further amounts as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

(b) In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Notes and collect in the manner provided by law out of the property of the Company or any other obligor on such series of Notes wherever situated, the moneys adjudged or decreed to be payable.

(c) In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under the Federal Bankruptcy Code or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Company or such other obligor, or in the case of any similar judicial proceedings relative to the Company or other obligor upon the Notes, or to

the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to this Section 8.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and any premium and interest owing and unpaid in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any amounts due to the Trustee under Section 9.06 hereof) and of the holders of Notes allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Noteholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the holders of any Notes, to pay to the Trustee any amount due to it for compensation and expenses, including counsel fees and expenses incurred by it up to the date of such distribution.

(d) All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Notes in respect of which such action was taken.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent or to accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

Section 8.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee with respect to any of the Notes shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due to the Trustee pursuant to Section 9.06;

SECOND: In case the principal of the outstanding Notes in respect of which such moneys have been collected shall not have become due and be unpaid, to the payment of interest on the Notes, in the order of the maturity of the installments of such interest, with interest (to the extent allowed by law and to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Notes, such payments to be made ratably to the persons entitled thereto;

THIRD: In case the principal of the outstanding Notes in respect of which such moneys have been collected shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Notes for principal and any premium and interest thereon, with interest on the overdue principal and any premium and (to the extent allowed by law and to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Notes; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then to the payment of such principal and any premium and interest without preference or priority of principal and any premium over interest, or of interest over principal and any premium or of any installment of

interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal and any premium and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Company its successors or assigns, or to whomsoever may lawfully be entitled to the same, or as a court of competent jurisdiction may determine.

Section 8.04. Proceedings by Noteholders.

(a) No holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default with respect to such Note and of the continuance thereof, as hereinabove provided, and unless also the holders of not less than a majority in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the taker and the holder of every Note with every other taker and holder and the Trustee that no one or more holders of Notes shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Notes, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Notes.

(b) Notwithstanding any other provision in this Indenture, however, the rights of any holder of any Note to receive payment of the principal of and any premium and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected without the consent of such holder.

Section 8.05. Proceedings by Trustee. In case of an Event of Default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture, including its rights as holder of the Pledged Bond, by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 8.06. Remedies Cumulative and Continuing. All powers and remedies given by this Article Eight to the Trustee or to the Noteholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any powers and remedies hereof or of any other powers and remedies available to the Trustee or the holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Notes in exercising any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to Section 8.04, every power and remedy given by this Article Eight or by law to the Trustee or to the Noteholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Noteholders.

Section 8.07. Restoration of Rights and Remedies. If the Trustee or any Noteholder has instituted any proceeding to

enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Noteholder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Noteholders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such proceeding had been instituted.

Section 8.08. Direction of Proceedings and Waiver of Defaults by Majority Noteholders. The holders of a majority in aggregate principal amount of the Notes at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that (subject to Section 9.01) the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees or responsible officers shall determine that the action or proceeding so directed would involve the Trustee in personal liability or would be unduly prejudicial to the rights of Noteholders not joining in such directions. Prior to any declaration accelerating the maturity of the Notes, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of all of the holders of the Notes waive any past default or Event of Default hereunder and its consequences except a default in the payment of principal of or any premium or interest on the Notes. Upon any such waiver the Company, the Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 8.07, said default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing.

Section 8.09. Notice of Default. The Trustee shall, within 90 days after the occurrence of a default with respect to the Notes, give to all holders of the Notes specified in TIA Section 3.13(c), in the manner provided in Section 15.10, notice of such default, unless such default shall have been cured before the giving of such notice, the term "default" for the purpose of this Section 8.08 being hereby defined to be any event which is or after notice or lapse of time or both would become an Event of Default; provided that, except in the case of default in the payment of the principal of or any premium or interest on any of the Notes, the Trustee shall be protected in withholding such notice if and so long as its board of directors or trustees, executive committee, or a trust committee of directors or trustees or responsible officers in good faith determines that the withholding of such notice is in the interests of the holders of the Notes. The Trustee shall not be charged with knowledge of any Event of Default unless a responsible officer of the Trustee assigned to the corporate trust division of the Trustee shall have actual knowledge of such Event of Default.

Section 8.10. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Note by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but this Section 8.09 shall not apply to any suit instituted by the Trustee, or to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate more than 10% in principal amount of the Notes outstanding, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or any premium or interest on any Note on or after the due date expressed in such Note.

ARTICLE NINE.

Concerning the Trustee.

Section 9.01. Duties and Responsibilities of Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provisions of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) prior to the occurrence of any Event of Default and after the curing or waiving of all Events of Default which may have occurred,

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of at least a majority in principal amount of the Notes at the time outstanding determined as provided in Section 10.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to this Section 9.01.

Section 9.02. Reliance on Documents, Opinions, etc.
Except as otherwise provided in Section 9.01,

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof is herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel selected by the Trustee, if such counsel is reasonably satisfactory to the Company, and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Noteholders, pursuant to this Indenture, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred by such exercise;

(e) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) no provision of this Indenture shall require the Trustee to extend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys; provided, however, that the Trustee shall not be liable for the conduct or acts of any such agent or attorney that shall have been appointed in accordance herewith with due care.

Section 9.03. No Responsibility for Recitals, etc. The recitals contained herein and in the Notes (except in the certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with this Indenture.

Section 9.04. Trustee, Authenticating Agent or Registrar May Own Notes. The Trustee and any Authenticating Agent or Note registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not Trustee, Authenticating Agent or Note registrar.

Section 9.05. Moneys to Be Held in Trust. Subject to

Section 5.03, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

Section 9.06. Compensation and Expenses of Trustee.

(a) The Company agrees:

(1) to pay to the Trustee from time to time such compensation for all services rendered by it hereunder as has been agreed upon in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse each of the Trustee and any predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its own part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

(b) As security for the performance of the obligations of the Company under this Section 9.06, the Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of and any premium and interest on particular Notes.

(c) When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 8.01(5) or (6), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

(d) The provisions of this Section 9.06 shall survive the termination of this Indenture.

Section 9.07. Officers' Certificate as Evidence.

Except as otherwise provided in Section 9.01, whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Officers' Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under this Indenture in reliance thereon.

Section 9.08. Conflicting Interest of Trustee. The

Trustee will comply with TIA Section 310(b); provided, however, that (a) there shall be excluded from the requirements of TIA Section 310(b)(1) all indentures which may be excluded pursuant to the proviso to TIA Section 310(b)(1); and (b) the provisions of the first sentence of TIA Section 310(b)(9) shall not apply to any securities described in the second sentence of TIA Section 310(b)(9).

Section 9.09. Eligibility of Trustee. The Trustee

hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any State thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$20,000,000 and subject to supervision or

examination by Federal, State or District of Columbia authority and shall not otherwise be disqualified under TIA Section 310(a)(5). If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 9.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with this Section 9.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.10.

Section 9.10. Resignation or Removal of Trustee.

(a) The Trustee may at any time resign and be discharged of the trusts created by this Indenture by giving written notice to the Company specifying the day upon which such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor trustee shall have been appointed by the Noteholders or the Company in the manner provided in Section 9.11, and in such event such resignation shall take effect immediately on the appointment of such successor trustee.

(b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with such Trustee and signed and acknowledged by the holders of a majority in principal amount of the then outstanding Notes or by their attorneys in fact duly authorized.

(c) In case at any time the Trustee shall cease to be eligible in accordance with Section 9.09, then the Trustee so ceasing to be eligible shall resign immediately in the manner and with the effect provided in this Section 9.10, and in the event that it does not resign immediately in such case, then it may be removed forthwith by an instrument or concurrent instruments in writing filed with the Trustee so ceasing to be eligible and either:

(1) signed by the President or any Vice-President of the Company attested by the Secretary or an Assistant Secretary of the Company; or

(2) signed and acknowledged by the holders of a majority in principal amount of outstanding Notes or by their attorneys in fact duly authorized.

(d) Any resignation or removal of the Trustee and any appointment of a successor Trustee pursuant to this Section 9.10 shall become effective upon acceptance of appointment by the successor Trustee as provided in Section 9.12.

Section 9.11. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed (unless such Trustee shall be removed as provided in Section 9.10(c) in which event the vacancy shall be filled as provided therein), or shall become adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, or a vacancy shall be deemed to exist in the office of the Trustee for any other reason, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. Within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee may be appointed by act of the holders of a majority in principal amount of the outstanding Notes, delivered to the Company and retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company or by such receiver or Trustee.

(b) The Company shall publish notice of any resignation and subsequent appointment of a successor Trustee made by it or by act of Noteholders in one Authorized Newspaper in the Borough of Manhattan, The City of New York, and in one Authorized Newspaper in the city in which the principal office of the Trustee is located, once each.

(c) If in a proper case no appointment of a successor Trustee shall be made pursuant to Section 9.11(a) within six months after a vacancy shall have occurred in the office of Trustee, any Noteholder or any resigning Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(d) If any Trustee resigns because of conflict of interest as provided in Section 9.08 and a successor Trustee has not been appointed by the Company or the Noteholders or, if appointed, has not accepted the appointment, within 30 days after the date of such resignation, the resigning Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee.

(e) Any Trustee appointed under this Section 9.11 as a successor Trustee shall be a bank or trust company eligible under Section 9.09 and qualified under Section 9.08.

Section 9.12. Acceptance by Successor Trustee.

(a) Any successor Trustee appointed as provided in Section 9.11 shall execute, acknowledge and deliver to the Company and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but nevertheless, on the written request of the Company or of the successor Trustee, the Trustee ceasing to act shall, upon payment of any amounts then due it pursuant to Section 9.06, execute and deliver an instrument transferring to such successor Trustee all the rights and powers of the Trustee so ceasing to act, including the right, title, and interest of the Trustee ceasing to act, in and to the Pledged Bond. Upon request of any such successor Trustee, the Company shall execute any and all instruments in writing in order more fully and certainly to vest in and confirm to such successor Trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to Section 9.06.

(b) No successor Trustee shall accept appointment as provided in this Section 9.12 unless at the time of such acceptance such successor Trustee shall be qualified under Section 9.08 and eligible under Section 9.09.

(c) Upon acceptance of appointment by a successor Trustee as provided in this Section 9.12, the Company shall mail notice of the succession of such Trustee hereunder to all holders of Notes as the names and addresses of such holders appear on the registry books. If the Company fails to mail such notice in the prescribed manner within 10 days after the acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Company.

Section 9.13. Succession by Merger, etc.

(a) Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

(b) In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all

such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificates of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 9.14. Limitations on Rights of Trustee as a Creditor. The Trustee shall comply with TIA Section 311(a). A Trustee which has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Section 9.15. Authenticating Agent. (a) There may be one or more Authenticating Agents appointed by the Trustee with power to act on its behalf and subject to its direction in the authentication and delivery of Notes in connection with transfers and exchanges under Sections 2.05, 2.06, 2.07, 2.08, 3.02, 3.03, and 13.04, as fully to all intents and purposes as though such Authenticating Agents had been expressly authorized by those Sections to authenticate and deliver Notes. For all purposes of this Indenture, the authentication and delivery of Notes by any Authenticating Agent pursuant to this Section 9.15 shall be deemed to be the authentication and delivery of such Notes "by the Trustee." Any such Authenticating Agent shall be a bank or trust company of the character and qualifications set forth in Section 9.09.

(b) Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section 9.15, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authenticating Agent or such successor corporation.

(c) Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section 9.15, the Trustee shall promptly appoint a successor Authenticating Agent, shall give written notice of such appointment to the Company and shall mail, in the manner provided in Section 15.10, notice of such appointment to the holders of Notes.

(d) The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments, in accordance with Section 9.06.

(e) Sections 9.02, 9.03, 9.04, 9.06, 9.09 and 10.03 shall be applicable to any Authenticating Agent.

Section 9.16. Trustee's Application for Instructions from the Company. Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE TEN.

Concerning the Noteholders.

Section 10.01. Action by Noteholders. (a) Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Notes may take any action (the making of any demand or request, or the giving of any notice, consents or waivers in lieu of a Noteholders' meeting or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by such Noteholders in person or by agent or proxy appointed in writing, or (b) by the record of such Noteholders voting in favor thereof at any meeting of Noteholders duly called and held in accordance with Article Eleven, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Noteholders.

(b) Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Notes may take any action, any party designated in writing by the Depository, or by any party so designated by the Depository, as the owner of a beneficial interest of a specified principal amount of any Global Note held by such Depository shall be deemed to be a holder of Notes in such principal amount for such purpose.

Section 10.02. Proof of Execution by Noteholders. (a) Subject to Sections 9.01, 9.02 and 11.05, proof of the execution of any instruments by a Noteholder or the agent or proxy for such Noteholder shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The ownership of Notes shall be proved by the Note register of the Company or by a certificate of the Note registrar.

(b) The record of any Noteholders' meeting shall be proven in the manner provided in Section 11.06.

Section 10.03. Who Deemed Absolute Owners. Subject to Sections 2.04(f) and 10.01, the Company, the Trustee, any Authenticating Agent and Note registrar may deem the person in whose name any Note shall be registered upon the Note register of the Company to be, and may treat such person as, the absolute owner of such Note (whether or not such Note shall be overdue) for the purpose of receiving payment of or on account of the principal of and any premium and interest on such Note, and for all other purposes; and neither the Company nor the Trustee nor any Authenticating Agent nor any Note registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon any such Note to the extent of the sum or sums so paid.

Section 10.04. Company-Owned Notes Disregarded. In determining whether the holders of the requisite aggregate principal amount of outstanding Notes have concurred in any direction, consent or waiver under this Indenture, Notes which are owned by the Company or any other obligor on the Notes or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Notes shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Notes which the Trustee knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 10.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 10.05. Revocation of Consents; Future Holders Bound. At any time prior to the taking of any action by the holders of the percentage in aggregate principal amount of the Notes specified in this Indenture in connection with such action, any holder of a Note, which is shown by the evidence to be included in the Notes the holders of which have consented to such

action may, by filing written notice with the Trustee at the Corporate Trust Office of the Trustee and upon proof of ownership as provided in Section 10.02(a), revoke such action so far as it concerns such Note. Except as aforesaid any such action taken by the holder of any Note shall be conclusive and binding upon such holder and upon all future holders and owners of such Note and of any Notes issued in exchange or substitution therefor, irrespective of whether or not any notation thereof is made upon such Note or such other Notes.

Section 10.06. Record Date for Noteholder Acts. If the Company shall solicit from the Noteholders any request, demand, authorization, direction, notice, consent, waiver or other act, the Company may, at its option, by Board Resolution, fix in advance a record date in compliance with TIA Section 3.16(c) for the determination of Noteholders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other act may be given before or after the record date, but only the Noteholders of record at the close of business on the record date shall be deemed to be Noteholders for the purpose of determining whether holders of the requisite aggregate principal amount of outstanding Notes have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for that purpose the outstanding Notes shall be computed as of the record date; provided, however, that no such authorization, agreement or consent by the Noteholders on the record date shall be deemed effective unless it shall become effective pursuant to this Indenture not later than six months after the record date.

ARTICLE ELEVEN

Noteholders' Meeting.

Section 11.01. Purposes of Meetings. A meeting of Noteholders may be called at any time and from time to time pursuant to this Article Eleven for any of the following purposes:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Noteholders pursuant to Article Eight;

(b) to remove the Trustee and nominate a successor Trustee pursuant to Article Nine;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to Section 13.02; or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Notes, as the case may be, under any other provision of this Indenture or under applicable law.

Section 11.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of holders of Notes to take any action specified in Section 11.01, to be held at such time and at such place as the Trustee shall determine. Notice of every such meeting of Noteholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given to holders of the Notes that may be affected by the action proposed to be taken at such meeting in the manner provided in Section 15.10. Such notice shall be given not less than 20 nor more than 90 days prior to the date fixed for such meeting.

Section 11.03. Call of Meetings by Company or Noteholders. In case at any time the Company, pursuant to a Board Resolution, or the holders of at least 10% in aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Noteholders, by written request setting forth in reasonable detail the action proposed to be

taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Noteholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 11.01, by giving notice thereof as provided in Section 11.02.

Section 11.04. Qualifications for Voting. To be entitled to vote at any meetings of Noteholders a Person shall (a) be a holder of one or more Notes affected by the action proposed to be taken or (b) be a Person appointed by an instrument in writing as proxy by a holder of one or more such Notes. The only Persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 11.05. Regulations. (a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Noteholders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by the Noteholders as provided in Section 11.03, in which case the Company or Noteholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by the holders of a majority in aggregate principal amount of the Notes present in person or by proxy at the meeting.

(c) Subject to Section 10.04, at any meeting each Noteholder or proxy shall be entitled to one vote for each \$1,000 principal amount of Notes held or represented by such Noteholder; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by such chairman or instruments in writing as aforesaid duly designating such chairman as the person to vote on behalf of other Noteholders. At any meeting of Noteholders duly called pursuant to Section 11.02 or 11.03, the presence of persons holding or representing Notes in an aggregate principal amount sufficient to take action on any business for the transaction for which such meeting was called shall constitute a quorum. Any meeting of Noteholders duly called pursuant to Section 11.02 or 11.03 may be adjourned from time to time by the holders of a majority in aggregate principal amount of the Notes present in person or by proxy at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 11.06. Voting. The vote upon any resolution submitted to any meeting of Noteholders shall be by written ballots on which shall be subscribed the signatures of the holders of Notes or of their representatives by proxy and the principal amount of Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 11.02. The record shall show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee. Any

record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 11.07. Right of Trustee or Noteholders not Delayed. Nothing in this Article Eleven contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Noteholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the holders of Notes under any of the provisions of this Indenture or of the Notes.

ARTICLE TWELVE

Consolidation, Merger, Conveyance, Transfer or Lease

Section 12.01. Company May Consolidate, etc., only on Certain Terms. The Company shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all of the Notes and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such consolidation, merger, conveyance or transfer, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article Twelve and that all conditions precedent herein provided for relating to such consolidation, merger, conveyance or transfer have been complied with.

Section 12.02. Successor Corporation Substituted. Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 12.01, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; provided, however, that no such conveyance or transfer shall have the effect of releasing the Person named as the "Company" in the first paragraph of this Indenture or any successor corporation which shall theretofore have become such in the manner prescribed in this Article Twelve from its liability as obligor and maker on any of the Notes.

ARTICLE THIRTEEN

Supplemental Indentures.

Section 13.01. Supplemental Indentures without Consent of Noteholders.

(a) The Company, when authorized by Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(1) to make such provision in regard to matters or questions arising under this Indenture as may be

necessary or desirable and not inconsistent with this Indenture or for the purpose of supplying any omission, curing any ambiguity, or curing, correcting or supplementing any defective or inconsistent provision or to make a change which does not affect the rights of any Noteholder;

(2) to change or eliminate any of the provisions of this indenture, provided that any such change or elimination shall become effective only when there is no Note outstanding created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(3) to establish the form of Notes as permitted by Section 2.01 or to establish or reflect any terms of any Note determined pursuant to Section 2.05;

(4) to evidence the succession of another corporation to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Notes;

(5) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority;

(6) to permit the Trustee to comply with any duties imposed upon it by law;

(7) to specify further the duties and responsibilities of, and to define further the relationships among, the Trustee, any Authenticating Agent and any paying agent; and

(8) to add to the covenants of the Company for the benefit of the holders or to surrender a right or power conferred on the Company herein.

(b) The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(c) Any supplemental indenture authorized by this Section 15.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 13.02.

Section 13.02. Supplemental Indentures with Consent of Noteholders.

(a) With the consent (evidenced as provided in Section 10.01) of the holders of at least 50% in aggregate principal amount of the Notes at the time outstanding that would be affected by such supplemental indenture, the Company, when authorized by Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Noteholders; provided, however, that no such supplemental indenture shall:

(1) change the maturity of any Note; or reduce the rate or extend the time of payment of interest on any Note; or change the method of calculating interest, or any term used in the calculation of interest, or the period for which interest is payable, on any Floating Rate Note; or reduce the principal amount of any Note or any premium thereon; or change the coin or currency in which the principal of any Note or any premium or interest thereon is payable; or change the date on which any Note may be redeemed; or adversely affect the rights of any Noteholder to institute suit for the enforcement of any payment of principal of or any premium or interest on any Note; in each case without

the consent of the holder of each Note so affected (for purposes of this Section 13.02 (a)(1) only, the term "Note" shall include Notes for which an offer has been accepted by the Company); or

(2) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all of the Notes then outstanding.

(b) Upon the request of the Company, accompanied by a copy of the Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Noteholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

(c) It shall not be necessary for the consent of the holders of Notes under this Section 13.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(d) Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to this Section 13.02, the Company shall give notice in the manner provided in Section 15.10, setting forth in general terms the substance of such supplemental indenture, to all Noteholders. Any failure of the Company to give such notice, or any defect therein shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 13.03. Compliance with Trust Indenture Act; Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to this Article Thirteen shall comply with the TIA. Upon the execution of any supplemental indenture pursuant to this Article Thirteen, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Noteholders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 13.04. Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article Thirteen may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform in the opinion of the Trustee and the Board of Directors to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee and delivered in exchange for the Notes then outstanding.

Section 13.05. Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. The Trustee, subject to Sections 9.01 and 9.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article Thirteen.

ARTICLE FOURTEEN.

Immunity of Incorporators, Stockholders, Officers and Directors.

Section 14.01. Indenture and Notes Solely Corporate Obligations. No recourse for the payment of the principal of or any premium or interest on any Note, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, contained in this Indenture or in any supplemental indenture, or in any Note, or because of the creation of any indebtedness

represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE FIFTEEN.

Miscellaneous Provisions.

Section 15.01. Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements made by the Company in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 15.02. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful successor of the Company.

Section 15.03. Addresses for Notices, etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Noteholders on the Company may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Kansas City Power & Light Company, 1201 Walnut, Kansas City, Missouri 64106, to the attention of the Corporate Secretary. Any notice, direction, request or demand by any Noteholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the Corporate Trust Office of the Trustee.

Section 15.04. Governing Law. This Indenture and each Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

Section 15.05. Evidence of Compliance with Conditions Precedent.

(a) Upon any application or demand by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

(b) Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that each Person making such certificate or opinion has read such covenant or condition and the definitions relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinion contained in such certificate or opinion are based; (3) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

(c) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters,

and any such Person may certify or give an opinion as to such matters in one or several documents.

(d) Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such person knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(e) Any certificate, statement or opinion of any officer of the Company, or of counsel, may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which the certificate, statement or opinion of such officer or counsel may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate or opinion of any firm of independent public accountants filed with the Trustee shall contain a statement that such firm is independent.

(f) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 15.06. Business Days. Unless otherwise provided herein, in any case where the date of maturity of the principal of or any premium or interest on any Note or the date fixed for redemption of any Note is not a Business Day, then payment of such principal or any premium or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of payment, no interest shall accrue for the period from and after such date.

Section 15.07. Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this Indenture by any of Sections 310 to 317, inclusive, of the TIA, such required provision shall control.

Section 15.08. Table of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 15.09. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 15.10. Manner of Mailing Notice to Noteholders. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or the Company to or on the holders of Notes, as the case may be, shall be given or served by first-class mail, postage prepaid, addressed to the holders of such Notes at their last addresses as the same appear on the Note register referred to in Section 2.06, and any such notice shall be deemed to be given or served by being deposited in a post office letter box in the form and manner provided in this Section 15.10.

In Witness Whereof, Kansas City Power & Light Company has caused this Indenture to be signed and acknowledged by its Senior Vice President-Finance and Business Development, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or an Assistant Secretary, and The Bank of New York has caused this Indenture to be signed and acknowledged by one of its Assistant Vice Presidents and its corporate seal to be affixed hereunto, and the same to be attested by one of its Assistant Treasurers, as of the day and year first written above.

KANSAS CITY POWER & LIGHT COMPANY

By /s/Bernard J. Beaudoin
Bernard J. Beaudoin
Senior Vice President-Finance
and Business Development

Attest:

/s/Jeanie Sell Latz
Jeanie Sell Latz
Secretary

[Seal)

THE BANK OF NEW YORK, as Trustee

By /s/Lucille Firrincieli
Assistant Vice President

Attest:

/s/Alfia Monastra
Assistant Treasurer

[Seal]

STATE OF MISSOURI)
) ss:
COUNTY OF JACKSON)

I, Jacquetta L. Hartman, a Notary Public in and for said County and State aforesaid, do hereby certify that Bernard J. Beaudoin of Kansas City Power & Light Company, a Missouri corporation and Jeanie Sell Latz of said corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument and who are both personally known to me to be Senior Vice President-Finance and Business Development and Secretary of said corporation, appeared before me this day in person and severally acknowledged that they this day signed, sealed and delivered the said instrument as their free and voluntary act as such Senior Vice President-Finance and Business Development and Secretary, respectively, of said corporation and as the free and voluntary act of said corporation, for the uses and purposes therein set forth, and that the seal affixed to said instrument is the corporate seal of said corporation and that the said instrument was executed, signed, sealed and delivered on behalf of said corporation by authority of its Board of Directors, and acknowledged said instrument to be the free and voluntary act and deed of said corporation.

GIVEN under my hand and notarial seal this 17th day of November, 1994.

/s/Jacquetta Hartman

My commission expires:

April 8, 1996

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

I, Timothy J. Shea, a Notary Public in and for said County and State aforesaid, do hereby certify that Lucille Firrincieli of The Bank of New York, a corporation organized and existing under the laws of the State of New York, and Alfia Monastra, of said corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument and who are both personally known to me to be an Assistant Vice President and Assistant Treasurer of said corporation, appeared before me this day in person and severally acknowledged that they this day signed, sealed and delivered the said instrument as their free and voluntary act as such an Assistant Vice President and Assistant Treasurer, respectively, of said corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth, and that the seal affixed to said instrument is the corporate seal of said corporation and that the said instrument was executed, signed, sealed and delivered on behalf of said corporation by authority of its By-laws, and acknowledged said instrument to be the free and voluntary act and deed of said corporation.

GIVEN under my hand and notarial seal this 14th day of November, 1994.

/s/Timothy J. Shea
Notary Public

My commission expires:

May 5, 1996

EXHIBIT A
Bond of Tenth Series

See attached.

Global Fixed Rate Note

Registered

REGISTERED

NO.

KANSAS CITY POWER & LIGHT COMPANY
 Fixed Rate
 Secured Medium-Term Note

THIS NOTE IS A GLOBAL NOTE REGISTERED IN THE NAME OF THE DEPOSITARY (REFERRED TO HEREIN) OR A NOMINEE THEREOF AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL NOTES REPRESENTED HEREBY, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

CUSIP: PRINCIPAL AMOUNT:
 \$

ORIGINAL ISSUE DATES: MATURITY DATE:

INTEREST RATE: REDEMPTION DATE:

INTEREST PAYMENT DATES:

Kansas City Power & Light Company, a Missouri corporation (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof) for value received hereby promises to pay to

or registered assigns the principal sum of

DOLLARS

on the Maturity Date set forth above and to pay interest thereon from the Original Issue Date (or if this Global Note has two or more Original Issue Dates, interest shall, beginning on each such Original Issue Date, begin to accrue for that part of the principal amount to which such Original Issue Date is applicable) set forth above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates set forth above in each year commencing on (a) the first such Interest Payment Date next succeeding the earliest Original Issue Date or Dates set forth above, or (b) if such Original Issue Date is after a Record Date and prior to the first Interest Payment Date, on the second Interest Payment Date, at the per annum Interest Rate set forth above until the principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note is registered at the close of business on the Record Date for such Interest Payment Date, which shall be the date fifteen calendar days (whether or not a Business Day) preceding such Interest Payment Date, provided, however, that if an Original Issue Date falls between a Record Date and an Interest Payment Date, the first payment of interest with respect to such Original Issue Date will be paid on the second Interest Payment Date subsequent to such Original Issue Date to the Person in whose name this Note is registered at the close of business on the Record Date for such second Interest Payment Date, and provided further, that interest payable on the Maturity date or, if applicable, upon redemption, shall be payable to the Person to whom principal shall be payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on such Record Date and shall be paid to the Person in whose name this Note is registered at the close of business on a Record Date for the payment of such defaulted interest to be fixed by the Company, notice whereof shall be given to Noteholders not less than fifteen days prior to such Record Date. Payment of the principal of and any premium and interest on this Note will be made at the

Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or such other office or agency of the Company as may be designated by it for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that at the option of the Company, payment of interest may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

Under certain circumstances, this Global Note is exchangeable in whole or from time to time in part for a definitive Note or Notes, with the same Original Issue Date or Dates, Maturity Date, Interest Rate and redemption provisions as provided herein or in the Indenture.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS GLOBAL NOTE SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated

[SEAL]

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

Kansas City Power & Light
Company

This is one of the notes designated
therein referred to in the within-
mentioned Indenture

By
President

THE BANK OF NEW YORK, as Trustee

By Attest

Authorized Signatory

Secretary

KANSAS CITY POWER & LIGHT COMPANY
SECURED MEDIUM-TERM NOTE

This Global Note is one of, and a global security which represents Notes which are part of, a duly authorized issue of Notes of the Company (herein called the "Notes"), issued and to be issued under an Indenture dated as of November 1, 1994 (herein called the "Indenture") between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Noteholders, and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes are limited to \$125,000,000 aggregate principal amount.

This Global Note is secured by a Mortgage Bond pledged by the Company to the Trustee for the benefit of the holders of the Notes. The Mortgage Bond is issued by the Company under, and the Mortgage Bond is secured by, a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, duly executed by the Company to United Missouri Bank of Kansas City, N.A., Trustee, to which General Mortgage Indenture and Deed of Trust and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Mortgage Bond is issued and secured and the prior liens to which the security for the Mortgage Bond is junior.

Each Note shall be dated the date of its authentication by the Trustee. Each Note shall also bear an Original Issue Date or Dates which with respect to this Global Note (or any portion thereof), shall mean the date or dates of the original issue of the Notes represented hereby as specified on the face hereof, and such Original Issue Date or Dates shall remain the same for all Notes subsequently issued upon transfer, exchange, or substitution of such original Note (or such subsequently issued Notes) regardless of their dates of authentication.

This Global Note may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Global Note is not redeemable prior to its maturity. On or after the Redemption Date set forth on the face hereof this Note is redeemable in whole or in part in increments of \$1,000 (provided that any remaining principal amount of this note shall be at least \$1,000) at the option of the Company at the following redemption prices (expressed as percentages of the principal amount to be redeemed) together with interest thereon payable to the date of redemption:

Notice of redemption will be given by mail to Holders of Notes not less than 30 nor more than 60 days prior to the date fixed for redemption all as provided in the Indenture. In the event of redemption of this Global Note in part only, a new Global Note or Notes and of like tenor for the unredeemed portion hereof will be issued in the name of the Noteholder hereof upon the surrender hereof.

This Global Note will not be entitled to the benefit of a sinking fund.

Interest payments on this Global Note will include Accrued Interest to but excluding the Interest Payment Date. Interest payments on this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months.

The Company at its option, subject to the terms and conditions provided in the Indenture, will be discharged from any and all obligations in respect of the Notes (except for certain obligations including obligations to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold monies for payment in trust), 91 days after the Company deposits with the Trustee money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, or a combination of money and U.S. Government Obligations, in an amount sufficient to pay all the principal of and any premium and interest on the Notes on the dates such payments are due in accordance with the terms of the Notes.

If an Event of Default with respect to Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Noteholders to be affected under the Indenture at any time by the Company and the Trustee with the consent of the holders of not less than a majority in principal amount of the outstanding Notes affected thereby. The Indenture also contains provisions permitting the holders of not less than a majority in principal amount of the outstanding Notes affected thereby, on behalf of the holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the outstanding Notes may waive certain past defaults and their consequences on behalf of the holders of all Notes. Any such consent or waiver by the holder of this Global Note shall be conclusive and binding upon such holder and upon all future holders of this Global Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Global Note or such Note.

As set forth in, and subject to, the provisions of the Indenture, no holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the holders of not less than a majority in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall have failed to institute such proceeding within 60 days, provided, however, that such limitations do not apply to a suit instituted by the holder hereof for the enforcement of payment of the principal of and any premium or interest on this Global Note on or after the respective due dates expressed herein.

As provided in the Indenture and subject to certain limitations therein set forth, this Global Note may be transferred, in whole but not in part, only by the Depositary to

a nominee of the Depositary, or by a nominee of the Depositary to another nominee or the Depositary or by the Depositary or any such nominee to a successor Depositary for this Global Note selected or approved by the Company or to a nominee of such successor Depositary.

If at any time the Depositary for this Global Note notifies the Company that it is unwilling or unable to continue as Depositary for this Global Note or if at any time the Depositary for this Global Note shall no longer be eligible or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor Depositary with respect to this Global Note. If a successor Depositary for this Global Note is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election to issue this Note in global form shall no longer be effective with respect to this Global Note and the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Notes in exchange for this Global Note, will authenticate and deliver individual Notes of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Note or Notes in exchange for such Global Note or Notes.

If specified by the Company and agreed by the Depositary with respect to Notes issued in the form of a Global Note, the Depositary for such Global Note shall surrender such Global Note in exchange in whole or in part for individual Notes of like tenor and terms in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and deliver, without service charge, (1) to each Person specified by such Depositary, a new Note or Notes of like tenor and terms and of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for beneficial interest of such Person in such Global Note; and (2) to such Depositary a new Global Note of like tenor and terms and in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Note and the aggregate principal amount of Notes delivered to Holders thereof.

Under certain circumstances specified in the Indenture, the Depositary may be required to surrender any two or more Global Notes which have identical terms (but which may have differing Original Issue Dates) to the Trustee, and the Company shall execute and the Trustee shall authenticate and deliver to, or at the direction of, the Depositary a Global Note in principal amount equal to the aggregate principal amount of, and with all terms identical to, the Global Notes surrendered thereto and which shall indicate all Original Dates and the principal amount applicable to each such Original Issue Date.

No reference herein to the Indenture and no provision of this Global Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, places and rates, and in the coin or currency, herein prescribed.

Prior to due presentment of this Global Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Global Note is registered as the owner hereof for all purposes, whether or not this Global Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in the Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIT GIFT
TEN ENT - as tenants by the entireties	MIN ACT - _____ Custodian _____ (Cust) (Minor) Under Uniform Gifts to Minors Act
JT TEN - as joint tenants with right of survivorship and not as tenants in common	_____ State

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sell(s)
assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address
including postal zip code of assignee

the within note and all rights thereunder, hereby irrevocably
constituting and appointing _____
_____ attorney to transfer said note on the
books of the Company, with full power of substitution in the
premises.

Dated: _____

NOTICE: The signature to this
assignment must correspond with the
name as written upon the face of
the within instrument in every
particular, without alteration or
enlargement or any change whatever.

EXHIBIT C Fixed Rate Note

Registered

REGISTERED

NO.

KANSAS CITY POWER & LIGHT COMPANY
Fixed Rate
Secured Medium-Term Note

CUSIP: PRINCIPAL AMOUNT:
\$
ORIGINAL ISSUE DATE: MATURITY DATE:
INTEREST RATE: REDEMPTION DATE:
INTEREST PAYMENT DATES:

Kansas City Power & Light Company, a Missouri corporation (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof) for value received hereby promises to pay to

or registered assigns the principal sum of

DOLLARS

on the Maturity Date set forth above, and to pay interest thereon from the Original Issue Date set forth above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates set forth above in each year, commencing on (a) the first such Interest Payment Date next succeeding the Original Issue Date set forth above, or (b) if such Original Issue Date is after a Record Date and prior to the first Interest Payment Date, on the second Interest Payment Date, at the per annum Interest Rate set forth above until the principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note is registered at the close of business on the Record Date for such Interest Payment Date, which shall be the date fifteen calendar days (whether or not a Business Day) preceding such Interest Payment Date, provided, however that if the Original issue Date falls between a Record Date and an Interest Payment Date, the first payment of interest will be paid on the second Interest Payment Date subsequent to such Original Issue Date to the Person in whose name this Note is registered at the close of business on the Record Date for such second Interest Payment Date, and provided further, that interest payable on the Maturity Date, or if applicable, upon redemption, shall be payable to the Person to whom principal shall be payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on such Record Date and shall be paid to the Person in whose name this Note is registered at the close of business on a Record Date for the payment of such defaulted interest to be fixed by the Company, notice whereof shall be given to Noteholders not less than fifteen days prior to such Record Date. Payment of the principal of and any premium and interest on this Note will be made at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or such other office or agency of the Company as may be designated by it for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that at the option of the Company, payment of interest may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has executed by the Trustee referred to on the reverse hereof,

directly or through an Authenticating Agent, by manual signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal

Dated

[SEAL]

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

Kansas City Power & Light
Company

This is one of the notes designated therein referred to in the within-mentioned Indenture

By
President

THE BANK OF NEW YORK, as Trustee

By
Authorized Signatory

Attest
Secretary

KANSAS CITY POWER & LIGHT COMPANY
SECURED MEDIUM-TERM NOTE

This Note is one of a duly authorized issue of Notes of the Company (herein called the "Notes"), issued and to be issued under an Indenture dated as of November 1, 1994 (herein called the "Indenture") between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Noteholders, and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes are limited to \$125,000,000 aggregate principal amount.

This Note is secured by a Mortgage Bond pledged by the Company to the Trustee for the benefit of the holders of the Notes. The Mortgage Bond is issued by the Company under, and the Mortgage Bond is secured by, a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, duly executed by the Company to United Missouri Bank of Kansas City, N.A., Trustee, to which General Mortgage Indenture and Deed of Trust and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Mortgage Bond is issued and secured and the prior liens to which the security for the Mortgage Bond is junior.

Each Note shall be dated the date of its authentication by the Trustee. Each Note shall also bear an Original Issue Date which with respect to this Note (or any portion thereof), shall mean the date of its original issue as specified on the face hereof, and such Original Issue Date shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of such original Note (or such subsequently issued Notes) regardless of their dates of authentication.

This Note may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Note is not redeemable prior to its maturity. On or after the Redemption Date set forth on the face hereof this Note is redeemable in whole or in part in increments of \$1,000 (provided that any remaining principal amount of this note shall be at least \$1,000) at the option of the Company at the following redemption prices (expressed as percentages of the principal amount to be redeemed) together with interest thereon payable to the date of redemption:

Notice of redemption will be given by mail to Holders of Notes not less than 30 nor more than 60 days prior to the date fixed for redemption, all as provided in the Indenture. In the event of redemption of this Note in part only, a new Note or Notes and of like tenor for the unredeemed portion hereof will be issued in the name of the Noteholder hereof upon the surrender hereof.

This Note will not be entitled to the benefit of a sinking fund.

Interest payments on this Note will include Accrued Interest to but excluding the Interest Payment Date. Interest payments on this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months.

The Company at its option, subject to the terms and conditions provided in the Indenture, will be discharged from any and all obligations in respect of the Notes (except for certain obligations including obligations to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold monies for payment in trust), 91 days after the Company deposits with the Trustee money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, or a combination of money and U.S. Government Obligations, in an amount sufficient to pay all the principal of and any premium and interest on the Notes on the dates such payments are due in accordance with the terms of the Notes.

If an Event of Default with respect to Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Noteholders to be affected under the Indenture at any time by the Company and the Trustee with the consent of the holders of not less than a majority in principal amount of the outstanding Notes affected thereby. The Indenture also contains provisions permitting the holders of not less than a majority in principal amount of the outstanding Notes affected thereby, on behalf of the holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the outstanding Notes may waive certain past defaults and their consequences on behalf of the holders of all Notes. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note or such Note.

As set forth in, and subject to, the provisions of the Indenture, no holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the holders of not less than a majority in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall have failed to institute such proceeding within 60 days, provided, however, that such limitations do not apply to a suit instituted by the holder hereof for the enforcement of payment of the principal of and any premium or interest on this Note on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision

of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, places and rates, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Note Register. Upon surrender of this Note for registration of transfer at the Corporate Trust Office of the Trustee or such other office or agency as may be designated by it in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note registrar duly executed by the holder hereof or the attorney of such holder duly authorized in writing, and thereupon one or more new Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in the Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIT GIFT
TEN ENT - as tenants by the entireties	MIN ACT - _____Custodian_____ (Cust) (Minor) Under Uniform Gifts to Minors Act
JT TEN - as joint tenants with right of survivorship and not as tenants in common	_____ State

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sell(s) assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee

the within note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said note on the books of the Company, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT D
Global Floating Rate Note

Registered

REGISTERED

NO.

KANSAS CITY POWER & LIGHT COMPANY
Floating Rate
Secured Medium-Term Note

THIS NOTE IS A GLOBAL NOTE REGISTERED IN THE NAME OF THE DEPOSITARY (REFERRED TO HEREIN) OR A NOMINEE THEREOF AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL NOTES REPRESENTED HEREBY, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

CUSIP:	Principal Amount: \$
Original Issue Dates:	Maturity Date:
Base Rate:	Maximum Interest Rate:
Index Maturity:	Minimum Interest Rate:
Interest Payment Dates:	Redemption Date:
Initial Interest Rate:	Spread:
Initial Interest Reset Date:	Spread Multiplier: + or -
Interest Reset Dates:	

Kansas City Power & Light Company, a Missouri corporation (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof) for value received hereby promises to pay to

or registered assigns the principal sum of

DOLLARS

on the Maturity Date set forth above and to pay interest thereon from the Original Issue Date (or if this Global Note has two or more Original Issue Dates, interest shall, beginning on each such Original Issue Date, begin to accrue for that part of the principal amount to which such Original Issue Date is applicable) set forth above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, monthly, quarterly, semiannually or annually as specified above under Interest Payment Period, on the Interest Payment Dates specified above, commencing on (a) the first such Interest Payment Date next succeeding the earliest Original Issue Date or Dates set forth above, or (b) if such Original Issue Date is after a Record Date and prior to the first Interest Payment Date, on the second Interest Payment Date, and at Maturity, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above, and thereafter at a rate per annum determined in accordance with the provisions in the Indenture for calculating the Interest Rate for Notes having the Base Rate specified above, until the principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note is registered at the close of business on the Record Date for such Interest Payment Date, which shall be the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date provided, however, that if an Original Issue Date falls between a Record Date and an Interest Payment Date, the first payment of interest with respect to such Original Issue Date will be paid on the second Interest Payment Date subsequent to such Original Issue Date to the Person in whose name this Note is registered at the close of business on the Record Date for such second Interest Payment Date, and provided further, that interest payable on the Maturity Date or, if applicable, upon redemption, shall be payable to the Person to whom principal shall be payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on

such Record Date and shall be paid to the Person in whose name this Note is registered at the close of business on a Record Date for the payment of such defaulted interest to be fixed by the Company, notice whereof shall be given to Noteholders not less than fifteen days prior to such Record Date. Payment of the principal of and any premium and interest on this Note will be made at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or such other office or agency of the Company as may be designated by it for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that at the option of the Company, payment of interest may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

Under certain circumstances, this Global Note is exchangeable in whole or from time to time in part for a definitive Note or Notes, with the same Original Issue Date or Dates, Maturity Date, Interest Rate and redemption provisions as provided herein or in the Indenture.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS GLOBAL NOTE SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated

[SEAL]

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

Kansas City Power & Light
Company

This is one of the notes designated
therein referred to in the within-
mentioned Indenture

By
President

THE BANK OF NEW YORK, as Trustee

By Attest

Authorized Signatory

Secretary

KANSAS CITY POWER & LIGHT COMPANY
SECURED MEDIUM-TERM NOTE

This Global Note is one of, and a global security which represents Notes which are part of, a duly authorized issue of Notes of the Company (herein called the "Notes"), issued and to be issued under an Indenture dated as of November 1, 1994 (herein called the "Indenture") between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Noteholders, and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes are limited to \$125,000,000 aggregate principal amount.

This Global Note is secured by a Mortgage Bond pledged by the Company to the Trustee for the benefit of the holders of the Notes. The Mortgage Bond is issued by the Company under, and the Mortgage Bond is secured by, a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, duly executed by the Company to United Missouri Bank of Kansas City, N.A., Trustee, to which General Mortgage Indenture and Deed of Trust and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Mortgage Bond is issued and secured and the prior liens to which the security for the Mortgage Bond is junior.

Each Note shall be dated the date of its authentication by the Trustee. Each Note shall also bear an Original Issue Date or Dates which with respect to this Global Note (or any portion thereof), shall mean the date or dates of the original issue of the Notes represented hereby as specified on the face hereof, and such Original Issue Date or Dates shall remain the same for all Notes subsequently issued upon transfer, exchange, or substitution of such original Note (or such subsequently issued Notes) regardless of their dates of authentication.

This Global Note may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Global Note is not redeemable prior to its maturity. On or after the Redemption Date set forth on the face hereof this Note is redeemable in whole or in part in increments of \$1,000 (provided that any remaining principal amount of this note shall be at least \$1,000) at the option of the Company at the following redemption prices (expressed as percentages of the principal amount to be redeemed) together with interest thereon payable to the date of redemption:

Notice of redemption will be given by mail to Holders of Notes not less than 30 nor more than 60 days prior to the date fixed for redemption all as provided in the Indenture. In the event of redemption of this Global Note in part only, a new Global Note or Notes and of like tenor for the unredeemed portion hereof will be issued in the name of the Noteholder hereof upon the surrender hereof.

This Global Note will not be entitled to the benefit of a sinking fund.

The Company at its option, subject to the terms and conditions provided in the Indenture, will be discharged from any and all obligations in respect of the Notes (except for certain obligations including obligations to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold monies for payment in trust), 91 days after the Company deposits with the Trustee money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, or a combination of money and U.S. Government Obligations, in an amount sufficient to pay all the principal of and any premium and interest on the Notes on the dates such payments are due in accordance with the terms of the Notes.

If an Event of Default with respect to Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Noteholders to be affected under the Indenture at any time by the Company and the Trustee with the consent of the holders of not less than a majority in principal amount of the outstanding Notes affected thereby. The Indenture also contains provisions permitting the holders of not less than a majority in principal amount of the outstanding Notes affected thereby, on behalf of the holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the outstanding Notes may waive certain past defaults and their consequences on behalf of the holders of all Notes. Any such consent or waiver by the holder of this Global Note shall be conclusive and binding upon such holder and upon all future holders of this Global Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Global Note or such Note.

As set forth in, and subject to, the provisions of the Indenture, no holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the holders of not less than a majority in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall have failed to institute such proceeding within 60 days, provided, however, that such limitations do not apply to a suit instituted by the holder hereof for the enforcement of payment of the principal of and any premium or interest on this Global Note on or after the respective due dates expressed herein.

As provided in the Indenture and subject to certain limitations therein set forth, this Global Note may be transferred, in whole but not in part, only by the Depositary to a nominee of the Depositary, or by a nominee of the Depositary to another nominee or the Depositary or by the Depositary or any such nominee to a successor Depositary for this Global Note selected or approved by the Company or to a nominee of such successor Depositary.

If at any time the Depositary for this Global Note notifies the Company that it is unwilling or unable to continue as Depositary for this Global Note or if at any time the Depositary for this Global Note shall no longer be eligible or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor Depositary with respect to this Global Note. If a successor Depositary for this Global Note is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election to issue this Note in global form shall no longer be effective with respect to this Global Note and the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Notes in exchange for this Global Note, will authenticate and deliver individual Notes of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Note or Notes in exchange for such Global Note or Notes.

If specified by the Company and agreed by the Depositary with respect to Notes issued in the form of a Global Note, the Depositary for such Global Note shall surrender such Global Note in exchange in whole or in part for individual Notes of like tenor and terms in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and deliver, without service charge, (1) to each Person specified by such Depositary, a new Note or Notes of like tenor and terms and of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for beneficial interest of such Person in such Global Note; and (2) to such Depositary a new Global Note of like tenor and terms and in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Note and the aggregate principal amount of Notes delivered to Holders thereof.

Under certain circumstances specified in the Indenture, the Depositary may be required to surrender any two or more Global Notes which have identical terms (but which may have differing Original Issue Dates) to the Trustee, and the Company shall execute and the Trustee shall authenticate and deliver to, or at the direction of, the Depositary a Global Note in principal amount equal to the aggregate principal amount of, and with all terms identical to, the Global Notes surrendered thereto and which shall indicate all Original Dates and the principal amount applicable to each such Original Issue Date.

No reference herein to the Indenture and no provision of this Global Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, places and rates, and in the coin or currency, herein prescribed.

Prior to due presentment of this Global Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Global Note is registered as the owner hereof for all purposes, whether or not this Global Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in the Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIT GIFT
TEN ENT - as tenants by the entireties	MIN ACT - _____ Custodian _____ (Cust) (Minor) Under Uniform Gifts to Minors Act
JT TEN - as joint tenants with right of survivorship and not as tenants in common	_____ State

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sell(s) assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee

the within note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said note on the books of the Company, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT E
Floating Rate Note

Registered

REGISTERED

NO.

KANSAS CITY POWER & LIGHT COMPANY
Floating Rate
Secured Medium-Term Note

CUSIP:	Principal Amount: \$
Original Issue Dates:	Maturity Date:
Base Rate:	Maximum Interest Rate:
Index Maturity:	Minimum Interest Rate:
Interest Payment Dates:	Redemption Date:
Initial Interest Rate:	Spread:
Initial Interest Reset Date:	Spread Multiplier: + or -
Interest Reset Dates:	

Kansas City Power & Light Company, a Missouri corporation (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof) for value received hereby promises to pay to

or registered assigns the principal sum of

DOLLARS

on the Maturity Date set forth above, and to pay interest thereon from the Original Issue Date set forth above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, monthly, quarterly, semiannually or annually as specified above under Interest Payment Period, on the Interest Payment Dates specified above, commencing on (a) the first such Interest Payment Date next succeeding the Original Issue Date or Dates set forth above or (b) if such Original Issue Date is after a Record Date and prior to the first Interest Payment Date, on the second Interest Payment Date, and at maturity, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Rate Reset Date specified above, and thereafter at a rate per annum determined in accordance with the provisions in the Indenture for calculating the Interest Rate for Notes having the Base Rate specified above, until the principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note is registered at the close of business on the Record Date for such interest which shall be the fifteenth day (whether or not a Business Day), next preceding such Interest Payment Date provided, however that if the Original

Issue Date falls between a Record Date and an Interest Payment Date, the first payment of interest will be paid on the second Interest Payment Date subsequent to such Original Issue Date to the Person in whose name this Note is registered at the close of business on the Record Date for such second Interest Payment Date, and provided further, that interest payable on the Maturity Date, or, if applicable, upon redemption, shall be payable to the Person to whom principal shall be payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on such Record Date and shall be paid to the Person in whose name this Note is registered at the close of business on a Record Date for the payment of such defaulted interest to be fixed by the Company, notice whereof shall be given to Noteholders not less than fifteen days prior to such Record Date. Payment of the principal of and any premium and interest on this Note will be made at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or such other office or agency of the Company as may be designated by it for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that at the option of the Company, payment of interest may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal

Dated

[SEAL]

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

Kansas City Power & Light
Company

This is one of the notes designated
therein referred to in the within-
mentioned Indenture

By
President

THE BANK OF NEW YORK, as Trustee

By
Authorized Signatory

Attest
Secretary

KANSAS CITY POWER & LIGHT COMPANY
SECURED MEDIUM-TERM NOTE

This Note is one of a duly authorized issue of Notes of the Company (herein called the "Notes"), issued and to be issued under an Indenture dated as of November 1, 1994 (herein called the "Indenture") between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Noteholders, and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes are limited to \$125,000,000 aggregate principal amount.

This Note is secured by a Mortgage Bond pledged by the Company to the Trustee for the benefit of the holders of the Notes. The Mortgage Bond is issued by the Company under, and the Mortgage Bond is secured by, a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, duly executed by the Company to United Missouri Bank of Kansas City, N.A., Trustee, to which General Mortgage Indenture and Deed of Trust and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Mortgage Bond is issued and secured and the prior liens to which the security for the Mortgage Bond is junior.

Each Note shall be dated the date of its authentication by the Trustee. Each Note shall also bear an Original Issue Date which with respect to this Note (or any portion thereof), shall mean the date of its original issue as specified on the face hereof, and such Original Issue Date shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of such original Note (or such subsequently issued Notes) regardless of their dates of authentication.

This Note may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Note is not redeemable prior to its maturity. On or after the Redemption Date set forth on the face hereof this Note is redeemable in whole or in part in increments of \$1,000 (provided that any remaining principal amount of this note shall be at least \$1,000) at the option of the Company at the following redemption prices (expressed as percentages of the principal amount to be redeemed) together with interest thereon payable to the date of redemption:

Notice of redemption will be given by mail to Holders of Notes not less than 30 nor more than 60 days prior to the date fixed for redemption, all as provided in the Indenture. In the event of redemption of this Note in part only, a new Note or Notes and of like tenor for the unredeemed portion hereof will be issued in the name of the Noteholder hereof upon the surrender hereof.

This Note will not be entitled to the benefit of a sinking fund.

The Company at its option, subject to the terms and conditions provided in the Indenture, will be discharged from any and all obligations in respect of the Notes (except for certain obligations including obligations to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold monies for payment in trust), 91 days after the Company deposits with the Trustee money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, or a combination of money and U.S. Government Obligations, in an amount sufficient to pay all the principal of and any premium and interest on the Notes on the dates such payments are due in accordance with the terms of the Notes.

If an Event of Default with respect to Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Noteholders to be affected under the Indenture at any time by the Company and the Trustee with the consent of the holders of not less than a majority in principal amount of the outstanding Notes affected thereby. The Indenture also contains provisions permitting the holders of not less than a majority in principal amount of the outstanding Notes affected thereby, on behalf of the holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the outstanding Notes may waive certain past defaults and their consequences on behalf of the holders of all Notes. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note or such Note.

As set forth in, and subject to, the provisions of the Indenture, no holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the holders of not less than a majority in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall have failed to institute such proceeding within 60 days, provided, however, that such limitations do not apply to a suit instituted by the holder hereof for the enforcement of payment of the principal of and any premium or interest on this Note on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, places and rates, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Note Register. Upon surrender of this Note for registration of transfer at the Corporate Trust Office of the Trustee or such other office or agency as may be designated by it in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note registrar duly executed by the holder hereof or the attorney of such holder duly authorized in writing, and thereupon one or more new Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in the Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIT GIFT
TEN ENT - as tenants by the entireties	MIN ACT - _____ Custodian _____ (Cust) (Minor) Under Uniform Gifts to Minors Act
JT TEN - as joint tenants with right of survivorship and not as tenants in common	_____ State

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sell(s) assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee

the within note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said note on the books of the Company, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

RAILCAR LEASE
Dated as of January 31, 1995

Between

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity but solely
as Owner Trustee under the Trust Agreement
dated as of January 31, 1995 with
Shawmut Bank, National Association,

as Lessor

And

KANSAS CITY POWER & LIGHT COMPANY,

as Lessee

This Lease has been executed in several counterparts. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the "Counterpart No. 1". This Counterpart is Counterpart No. _____ of 11. Certain rights of Lessor under this Railcar Lease have been assigned as security to, and are subject to a security interest in favor of Wilmington Trust Company, as Security Trustee under the Security Agreement-Trust Deed dated as of the date hereof between Lessor and the Security Trustee, for the benefit of the holders of the Notes referred to therein.

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Attachments to Railcar Lease:

Annex 1 _ Definitions
Annex 2 _ Pricing Assumptions

Exhibits

A _ Equipment Description
B _ Lease Supplement
C _ Fixed Rent
D _ Stipulated Loss Value and Termination Value

RAILCAR LEASE

THIS RAILCAR LEASE dated as of January 31, 1995 (the "Lease"), by and between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Owner Trustee under the Trust Agreement dated as of January 31, 1995 with SHAWMUT BANK, NATIONAL ASSOCIATION, a national banking association (the "Lessor"), AND KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation (the "Lessee").

WHEREAS, Lessee has selected 625 new 120-ton high side rotary dump aluminum gondola railcars as more specifically described in the Lease Supplements to be delivered on each Closing Date for purchase from Seller and intends to assign to Lessor, pursuant to the Acquisition Agreement, its right to purchase such railcars; and

WHEREAS, Lessor will purchase such railcars on each Closing Date; In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

For purposes of this Lease, capitalized terms used herein shall have the meanings assigned to them in Annex 1 hereto, as the same may be amended from time to time (such definitions to be equally applicable to both the singular and plural forms of the terms defined). Any term defined by reference to an agreement, instrument or other document shall have the meaning so assigned to it whether or not such document is in effect. Unless otherwise indicated, references without qualification in this Lease to sections, paragraphs, clauses, appendices, schedules and exhibits are to the same contained in or attached to this Lease.

SECTION 2. AGREEMENT FOR LEASE OF EQUIPMENT.

Subject to, and upon all of the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor each Item of Equipment for the Lease Term.

SECTION 3. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

Lessor shall not be liable to Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. Upon execution and delivery of a Lease Supplement substantially in the form attached hereto as Exhibit B by Lessor and Lessee, the Items described therein shall be deemed to have been delivered to and accepted by Lessee as agent for Lessor under the Acquisition Agreements and for all purposes of this Lease, and thereupon shall be subject to all of the terms, provisions and conditions of this Lease.

Lessee's execution and delivery of a Lease Supplement shall be evidence that the Items of Equipment listed therein have been subjected to this Lease on the terms hereof. Lessee's execution and delivery of a Lease Supplement with respect to an Item of Equipment pursuant to this Section 3 shall conclusively establish that, as between Lessor and Lessee, but without limiting or otherwise affecting Lessor's or Lessee's rights, if any, against any other Person, such Item of Equipment is acceptable to and irrevocably accepted by Lessee under the Lease, notwithstanding any defect with respect to design, manufacture, condition or any

other matter or the failure of any such Item of Equipment to comply to the specifications applicable thereto or to all applicable federal or state governmental standards including, without limitation, any imposed by the United States Department of Transportation and ICC requirements and specifications, if any, or to all standards recommended by the AAR applicable to railroad equipment of the character of the Equipment as of the date hereof, and that, as between Lessor and Lessee, such Item of Equipment is in good order and condition.

SECTION 4. LEASE TERM.

The interim term (the "Interim Term") for each Item of Equipment shall commence on the Acceptance Date for such Item of Equipment and shall terminate on August 12, 1995 unless this Lease is sooner terminated with respect to such Item pursuant to the provisions hereof. The basic term (the "Basic Term") for each Item of Equipment shall commence on August 13, 1995 (the "Basic Term Commencement Date") for such Item and, unless this Lease is sooner terminated with respect to such Item (or all Equipment) pursuant to the provisions hereof, shall terminate on August 13, 2015. If not sooner terminated pursuant to the provisions hereof, the Lease Term for each Item of Equipment shall end on the last day of the Basic Term thereof, or if this Lease is renewed pursuant to Section 25(a) hereof, on the last day of the last Renewal Term thereof.

SECTION 5. RETURN OF EQUIPMENT.

(a) Return of Equipment upon Expiration of Term. Upon the expiration or earlier termination of the Lease Term with respect to each Item of Equipment and provided the Lessor shall not have terminated this Lease pursuant to Section 19 hereof (and provided, further, in the case of the expiration of the Lease Term, that Lessee has not exercised its purchase option under Section 25(b) hereof), Lessee will deliver possession of each Item of Equipment to Lessor, at up to two (2) locations specified by Lessor within fifty (50) miles of Kansas City, Missouri or at such other mutually agreed to locations, in the condition described in Section 10 hereof. Delivery shall be in groups of at least 100 Items of Equipment. Each such group of Items of Equipment shall be returned to the Lessor on the expiration or earlier termination of the Lease Term with respect to such Items of Equipment. The location where each such Item shall be returned shall be specified in a written notice given by Lessor to Lessee at least sixty (60) days prior to such redelivery (each, a "Redelivery Location"). Any Item of Equipment delivered to a Redelivery Location shall be deemed to be redelivered hereunder on the date on which all of the Equipment shall have been delivered to such Redelivery Location in the condition described in Section 10 hereof, provided that Lessor has given the notice set forth above. During the period of 240 days prior to the end of the Lease Term or any Renewal Term, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Items of Equipment to inspect any or all of such Items of Equipment. Subject to the following paragraph, Fixed Rent or Renewal Rent, as the case may be, with respect to any Item of Equipment so deemed to have been redelivered shall cease to accrue.

(b) Return of Equipment upon Default. If the Lessor shall terminate this Lease pursuant to Section 19 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item to the Lessor as above required, the Lessee shall at its own cost, expense and risk: (i) forthwith deliver such Items to not more than two (2) locations as the Lessor shall designate, and (ii) permit the Lessor to store such Items for a period of 360 days at such locations without charge for insurance, rent or storage, and during such period of storage the Lessee shall continue to maintain all insurance required by Section 16 hereof.

Each such Item will, when placed in storage and at all times while in storage, be in the condition required by Section 10 hereof and the Lessee shall take such actions as may be required by the Lessor to enable the Items to be sold or leased to a third party for use in interchange service under the Interchange Rules. Lessee agrees that no Item shall be considered to have been returned under this Section 5(b) until the Lessee has returned such Item in such condition.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 5(b), the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority (which power is coupled with an interest), at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor after the occurrence of an Event of Default, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

(c) Holdover Rent; Storage Charges. In the event any Item of Equipment is not returned as hereinabove provided as a result of any action or inaction on the part of Lessee as of the date of the expiration of the Lease Term or the Renewal Term with respect to such Item of Equipment, Lessee shall pay to Lessor, for each day thereafter as liquidated damages, and not as a penalty, for the failure of Lessee to return such Item of Equipment to Lessor at the expiration of the Lease Term as required by the provisions of Section 5(a), an amount equal to the daily equivalent of the arithmetic average of the Fixed Rent during the Basic Term for such Item of Equipment or, if the failure to return occurs after a Renewal Term, the arithmetic average of the rent paid during the Renewal Term for such Item of Equipment. Lessee shall also reimburse Lessor, upon demand, for all storage charges incurred by Lessor if any Item of Equipment is redelivered after the end of the Lease Term, until such time as all Items of Equipment shall have been returned to Lessor as required hereby. The provision for such payment of such Rent and storage charges shall not be in abrogation of Lessor's right under Section 5(a) to have such Item of Equipment returned to it hereunder.

(d) Essence of Lease. The assembling and delivery of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble and deliver the Equipment.

SECTION 6. RENT.

(a) Interim Rent. Lessee hereby agrees to pay Lessor Interim Rent for the use by Lessee of each Item of Equipment during the Interim Term in one installment payable on August 13, 1995 in an amount equal to the difference between (i) the amount that the Owner Participant shall be obligated to pay under and pursuant to Section 2.1(b) of the Participation Agreement, and (ii) the amount actually paid to the Security Trustee by the Owner Participant under and pursuant to Section 2.1(b) of the Participation Agreement. Subject to the provisions of Section 6(e), in the event that Lessee shall make a payment of Interim Rent hereunder due to Owner Participant's failure to pay the full amount required to be paid by the Owner Participant under Section 2.1(b) of the Participation Agreement, Lessee shall be entitled to offset such amount plus interest thereon at a rate per annum equal to the Late Rate against payments of Fixed Rent until such time as Lessee has been paid or shall have so offset the amount of such Interim Rent payment; provided that Lessee shall not have such right of offset if a Default or Event of Default hereunder shall have occurred and be continuing.

(b) Fixed Rent. Lessee hereby agrees to pay Lessor Fixed Rent for the use by Lessee of each Item of Equipment during the Basic Term, in consecutive semiannual installments, due and payable on each Rent Payment Date and continuing until the expiration or earlier termination of the Basic Term, with each such installment to be in an amount equal to the product obtained by multiplying (i) the Purchase Price of such Item of Equipment by (ii) the applicable percentages set forth in Exhibit C attached hereto. Lessee hereby agrees to pay Lessor Fixed Rent for each Item of Equipment during each Renewal Term thereof as specified in Section 25(a) hereof.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whomever shall be entitled thereto, all Supplemental Rent, as the same shall become due and owing. Lessee shall also pay to Lessor (and, in the case of payments of Supplemental Rent payable to other Persons hereunder, such other Persons) on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Late Rate on any part of any

installment of Interim Rent or Fixed Rent or any amount due under Section 19 hereof not paid when due at or prior to the time specified for such payment for any period for which the same shall be overdue and on any payment of Supplemental Rent payable to the Note Purchasers or the Security Trustee and not paid when due for the period from the due date thereof until the same shall be paid and at a rate per annum equal to 1% plus the Prime Rate on any payment of Supplemental Rent payable to the Owner Participant or the Owner Trustee and not paid when due for the period from the due date thereof until the same shall be paid. The payment or satisfaction of Lessee's obligation with respect to Fixed Rent or any installment thereof shall not limit any obligation of Lessee which may have accrued during the Lease Term with respect to Supplemental Rent. In the event of any failure on the part of Lessee to pay any such Supplemental Rent hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Rent.

(d) Method of Payment. All payments of Interim Rent, Fixed Rent and Supplemental Rent required to be made by Lessee to Lessor shall be made by 11:00 A.M. Wilmington, Delaware time on the date payment is due in United States dollars and in immediately available funds. If any such date is not a Business Day, then payment shall be due on the next succeeding Business Day and if paid on such Business Day by 11:00 A.M. Wilmington, Delaware time, such payment shall be without interest or penalty. In the event of any assignment pursuant to Section 13(b) hereof, all payments or right to payments which are properly assigned thereunder, whether Interim Rent, Fixed Rent, Supplemental Rent or otherwise, shall be paid to such address as shall be designated by Lessor and any such assignee. All payments of Rent (other than payments with respect to Excepted Rights in Collateral, which shall be paid to the Person entitled thereto) shall be paid by Lessee to Lessor at its office at First Security Bank of Utah, National Association, Salt Lake City, Utah, ABA. No. 124000012, Attention: Corporate Trust Administration, or as Lessor may otherwise direct from time to time in writing; provided, that so long as the Security Agreement shall not have been discharged pursuant to Section 12.4 thereof, Lessor hereby directs, and Lessee agrees, that all payments of Rent and all other amounts payable to Lessor hereunder (other than payments with respect to Excepted Rights in Collateral, which shall be paid to the Person entitled thereto) shall be paid directly to the Security Trustee at its office at Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, or as the Security Trustee may otherwise direct, at such time so as to be received by the Security Trustee prior to 11:00 A.M. Wilmington, Delaware time on the date of payment.

(e) Minimum Payments. Notwithstanding anything to the contrary contained herein or in any other Operative Agreement, in all events and irrespective of any adjustment thereto, (i) the installment of Interim Rent payable on August 13, 1995 shall be at least equal to the amount of accrued interest due and payable on such date in respect of all Notes then outstanding less the amount paid in respect thereof by Owner Participant, (ii) each installment of aggregate Fixed Rent payable with respect to all Items of Equipment then subject to this Lease on each Rent Payment Date shall be at least equal to the aggregate amount of principal and accrued interest due and payable on such date in respect of all Notes then outstanding and (iii) each payment of Stipulated Loss Value and Termination Value (when added to all other amounts required to be paid by the Lessee under this Lease in respect of any Event of Loss or termination of this Lease) shall be at least equal to an amount sufficient, as of the date of payment, to pay in full the principal of and premium, if any, and interest on all Notes due under the Security Agreement on account of such Event of Loss or termination. Nothing in this Section 6(e) shall be deemed to constitute a guarantee by Lessee of the indebtedness evidenced by the Notes or a guarantee of the residual value of any Item of Equipment.

(f) Adjustments to Rent. The FPPO and the percentages for Fixed Rent, Stipulated Loss Value and Termination Value set forth in Exhibits C and D, have been calculated in part on the basis of the Pricing Assumptions. If any such Pricing Assumption proves to have been incorrect, then such FPPO and such percentages for Fixed Rent, Stipulated Loss Value and Termination Value shall be adjusted (the FPPO upward only and such percentages upward or downward) so as to preserve Owner Participant's Net Economic

Return. Any adjustments pursuant to this Section 6(f) shall (A) satisfy the provisions of Revenue Procedure 75-28 and any other applicable statutes, regulations, revenue procedures, revenue rulings or technical information releases relating to the subject matter of such Revenue Procedure, (B) be made in a manner designed to avoid application of Section 467(b)(2) of the Code and any regulations thereunder or any other similar provision of Federal income tax law and not otherwise cause any adverse effect under any Federal income tax law in effect at the time of such adjustment, (C) not adjust the Fixed Rent or the Stipulated Loss Values and Termination Values to an amount less than the Fixed Rent and Stipulated Loss Values and Termination Values required to enable Lessor to satisfy in full its obligations in respect of the Notes, (D) to the extent possible and not inconsistent with the foregoing, minimize the net present value of the remaining Fixed Rent (using a discount rate equal to the interest rate on the Notes) to the extent the foregoing criteria are met (subject to the requirements of Section 6(e) hereof) and (E) be made on or prior to the Basic Term Commencement Date. Lessor shall furnish to each holder of a Note and to the Security Trustee, at least ten (10) days prior to any adjustment of the FPP0, Fixed Rent, Stipulated Loss Values and Termination Value pursuant to this Section 6(f), revised schedules of such FPP0, Fixed Rent, Stipulated Loss Values and Termination Value, as so adjusted in such form as is provided to the Lessor by the Owner Participant.

(g) Computation of Adjustments. (i) Upon the occurrence of an event requiring adjustments to the FPP0 and the percentages for Fixed Rent, Stipulated Loss Value and Termination Value pursuant to Section 6(f), Owner Participant shall make the necessary computations on a basis consistent with that used by Owner Participant in the computation of the FPP0 and the percentages for Fixed Rent, Stipulated Loss Value and Termination Value in connection with the execution and delivery of the Participation Agreement and this Lease, taking into account only the event giving rise to the adjustments. Subject to paragraph (ii) of this Section 6(g), such adjustments shall be effective on the date Owner Participant shall have furnished to Lessee a certificate signed on behalf of Owner Participant by a responsible officer confirming that such adjustments have been properly computed in accordance with the provisions of this Lease, and shall remain effective until changed in consequence of any inaccuracy discovered in the course of any verification procedure conducted pursuant to paragraph (ii) of this Section 6(g); provided that any such notice of adjustment shall be given to Lessee at least 30 days prior to the Rent Payment Date next following such notice.

(ii) Within 30 days after Owner Participant shall have provided Lessee with a certificate pursuant to paragraph (i) of this Section 6(g), Lessee either shall confirm the accuracy of such computation or shall notify Owner Participant that such computation, and the resulting adjustments proposed by Owner Participant, are inaccurate. In the latter event, Owner Participant and Lessee agree to submit the matter to a nationally recognized independent accounting firm selected by the Owner Participant and reasonably acceptable to the Lessee, and the conclusion of such firm as to the proper adjustments shall be conclusive and binding on Lessee, Owner Participant and Lessor. All expenses incurred by Owner Participant and Lessee in connection with the verification procedures described in this paragraph (ii) shall be paid by Lessee, unless the adjustments of the percentages for Fixed Rent proposed by Owner Participant shall exceed the actual adjustments of such percentages, properly computed and confirmed, by more than 5%, in which case all such expenses shall be paid by Owner Participant. Each adjustment of the FPP0 and the percentages for Fixed Rent, Stipulated Loss Value and Termination Value shall be evidenced by the execution and delivery of a supplement to this Lease in form and substance satisfactory to Lessee, Lessor and Owner Participant, and shall be effective as provided herein without regard to the date on which such supplement to this Lease is so executed and delivered. So long as the Lien of the Security Agreement shall remain outstanding, copies of the certificates, proposed adjustments and final adjustments shall be forwarded by the Owner Participant to the Security Trustee.

SECTION 7. NET LEASE.

This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder shall be absolute and

unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, suspension, diminution, deferral, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, suspension, diminution, deferral, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, Owner Participant, any assignee, Security Trustee, any vendor or manufacturer of the Equipment or any part or Item thereof, the holders from time to time of the Notes, or any other Person, either under this Lease or otherwise, for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of Lessee be otherwise affected for any reason whatsoever, including any defect in or damage to or loss of possession or loss of use or destruction of the Equipment or any part or Item thereof, the condition, design, operation or fitness for use thereof, any Liens or rights of others with respect to the Equipment or any part or Item thereof, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Equipment or any part or Item thereof, or any interference with such use, operation or possession by any Person or entity (including confiscation, requisition or other taking by any governmental authority, any person acting under governmental authority or otherwise, or action of any public or private person, whether by eviction by paramount title or for any other reason whatsoever), the invalidity or unenforceability or lack of due authorization of this Lease, or any other Operative Agreement, any defect in the title to, compliance with plans or specifications for condition, design or fitness for use of all or any of the Items of Equipment, any insolvency of or any bankruptcy, reorganization or other proceeding against Lessee, Lessor or any other person, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention and agreement of the parties hereto, and the basis of the bargain, that (to the extent permitted by applicable law) Interim Rent, Fixed Rent, Renewal Rent, Supplemental Rent and other amounts payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless and until the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease (in the case of any return of the Equipment to the Lessor, any item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return thereof have been performed). To the extent permitted by applicable law, Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease of any of the Items of Equipment except in accordance with the express terms hereof. Each Interim Rent, Fixed Rent, Renewal Rent, Supplemental Rent or other payment made by Lessee hereunder shall be final and Lessee shall not seek to recover all or any part of such payment (except for any excess payment made in error) from Lessor, Owner Participant, Security Trustee, or any holder or former holder of a Note for any reason whatsoever.

Without limiting the generality of the foregoing, Lessee covenants that it will remain obligated under this Lease in accordance with its terms, and will not take any action to terminate (except in accordance with the express provisions hereof), rescind or avoid this Lease for any reason, notwithstanding any insolvency, bankruptcy, reorganization or other proceeding affecting Lessor or Owner Participant, or any property of Lessor or Owner Participant, or any action which may be taken by any receiver, trustee or liquidator (or other similar official) or by any court.

Nothing in this Section or in any other provision of this Lease shall preclude any separate, independent claim (not by way of abatement or reduction of any amount at any time payable by Lessee hereunder) by Lessee for the breach of any representation, covenant, undertaking or agreement made herein and in any other Operative Agreement for the benefit of Lessee by Lessor or Owner Participant.

SECTION 8. LESSOR'S TITLE; EQUIPMENT TO BE AND REMAIN PERSONAL PROPERTY.

Title to the Equipment shall at all times remain in

Lessor and at no time during the Lease Term shall title become vested in Lessee. This Lease is and is intended to be a true lease and not a lease intended as security or a lease in the nature of a security interest. Lessee shall acquire no right, title or interest in or to the Equipment, except the right to use the same pursuant to the terms of this Lease. It is the intention and understanding of both Lessor and Lessee that the Equipment shall be and at all times remain personal property and be treated as a lease for federal income tax purposes.

SECTION 9. USE OF EQUIPMENT; COMPLIANCE WITH LAWS.

Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Equipment during the lease thereof. Lessee agrees that the Equipment will be used and operated solely in the regular course of its or any affiliate's business and in compliance with all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of the Equipment. If such laws or rules require any alteration, replacement or addition of or to any part on any Item of Equipment, Lessee will conform therewith at its own expense. Lessee agrees not to operate or locate any Item of Equipment, or to suffer any Item of Equipment to be operated or located, in any area excluded from coverage by any insurance policy required by the terms of Section 16 hereof or to operate or locate any Item of Equipment in such a manner as to violate the terms of any insurance policy required by the terms of said Section 16, except in the case of a requisition for use by the United States Government where Lessee (or any sublessee) has obtained, prior to the operation or location of the Item of Equipment in such area, indemnification or insurance in lieu of such indemnification from the United States Government against the risks and in the amounts required by, and in compliance with, Section 16 hereof covering such area.

Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by Federal, state or local laws or by any governmental body, agency or authority in connection with the use and operation of each Item of Equipment, including any instruments required by the AAR. Notwithstanding the foregoing sentence, however, Lessee will cause this Lease and the Security Agreement to be filed and recorded with the ICC in accordance with Section 20c of the Interstate Commerce Act, and will do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) this Lease and any and all amendments or supplements to this Lease, or otherwise with respect to or including any other Operative Agreement, in connection with any assignment or sublease pursuant to Section 13(a) or otherwise, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by Lessor, for the purpose of protecting Lessor's title to any Item of Equipment to the satisfaction of Lessor and Lessor's counsel or for the purpose of carrying out the intention of this Lease, including, without limitation, any such filings and recordings as shall be necessary to evidence any change in name of Lessee or Lessor, or any merger or consolidation thereof. Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and re-recording or depositing and redepositing of any such instruments or incident to the taking of such action, other than the fees and expenses of the Owner Participant and the Owner Trustee in connection with any such instruments requested by the Owner Participant solely for the benefit of the Owner Participant and not otherwise required under or anticipated by the Operative Agreements. This Lease shall be filed and recorded with the ICC prior to the delivery and acceptance hereunder of any Item.

The Equipment will at all times during the Lease Term be and remain in the possession and control of Lessee, subject to the terms of Section 13(a) hereof. Lessee shall operate the Equipment and permit the Equipment to be located only in the contiguous forty-eight states of the United States. Lessee shall not use and will not permit any other person to use any Equipment or allow the same to be used for any unlawful purpose. Lessee shall use and operate the Equipment or cause it to be used and operated only by personnel authorized by Lessee, and Lessee shall use every reasonable precaution to prevent loss or damage to each Item of Equipment from fire and other hazards. Lessee shall use

the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear; provided, that the Lessee shall not use the Equipment and shall not permit the Equipment to be used to transport or store hazardous or toxic substances or materials or other substances or materials containing or contaminated by hazardous or toxic substances or materials.

SECTION 10. MAINTENANCE AND REPAIR OF EQUIPMENT.

Lessee shall, at its own expense, (i) maintain and keep the Equipment in good physical condition and working order consistent with standard industry maintenance practice, and as otherwise may be required by any insurance policies maintained pursuant to Section 16 or to enforce warranty claims against each vendor and manufacturer of each Item of Equipment, ordinary wear and tear excepted; (ii) maintain the Equipment in accordance with the standards then in effect under (A) the Interchange Rules or similar successor guidelines of the AAR (the "Interchange Rules") and (B) regulations of the Federal Railway Administration, and at least equal to the standards of maintenance which Lessee performs on similar equipment owned or leased by Lessee, without discriminating in any way between equipment of similar type that is owned or leased; (iii) comply with all requirements of law applicable to the maintenance and condition of the Equipment; and (iv) maintain the Equipment in good operating condition commercially suitable for carrying the commodities for which such Equipment was designed.

SECTION 11. REPLACEMENTS; ALTERATIONS; MODIFICATIONS.

Lessee shall, at its sole expense, make all alterations, modifications, additions or attachments required by applicable law or deemed necessary by any Federal, state or local governmental agency for the continued usefulness of the Equipment. Lessee may, at its sole expense, make other alterations, modifications, additions or attachments to the Equipment as it may deem desirable in the conduct of its business so long as (x) the value, utility or condition of the Equipment is not diminished materially below the value, utility, or condition thereof immediately prior to such alteration, modification, addition or attachment, assuming the Equipment was then in at least the condition and repair required to be maintained by the terms of this Lease, and (y) such alterations, modifications, additions or attachments do not cause any such Item to become a limited use property within the meaning of Revenue Procedure 76-30, 1976-2 C.B. 647 (or such other successor tax provision). So long as no Event of Default has occurred and is continuing, and so long as the value, utility and condition of the Equipment (exclusive of any such alterations, modifications, additions or attachments) is not reduced thereby, any such alteration, modification, addition or attachment, which was paid for by Lessee and not reimbursed or otherwise compensated for by Lessor, shall (subject to the last two sentences of this Section 11) remain the property of Lessee and may be removed by Lessee prior to return of the Equipment pursuant to Section 5 hereof. If any alteration, modification, addition or attachment to an Item of Equipment (i) is a replacement of existing parts constituting part of the Items of Equipment, (ii) was made in the course of ordinary and proper maintenance of the Items of Equipment, (iii) is required by Federal, state or local law in order to permit the continued usefulness of the Equipment; or (iv) cannot physically be removed without damage to the Equipment, it shall become the property of Lessor, and shall be subject to all the terms of this Lease. Upon termination of this Lease, Lessor shall have the option to purchase from Lessee any alterations, modifications, additions or attachments to any Item of Equipment not described in the preceding sentence at the Fair Market Sales Value of such alterations, modifications, additions or attachments, as the case may be.

SECTION 12. IDENTIFICATION MARKS; INSPECTION.

Lessee agrees, at Lessee's cost and expense and on or before the Acceptance Date for each Item of Equipment, to place markings on the Equipment by stencil or by a metal tag or plate affixed thereto in letters not less than one inch in height, a legend substantially as follows:

"Ownership Subject to a Security Agreement and Lease filed with the Interstate Commerce Commission"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title thereto and ownership thereof and the Security Trustee's interest therein; provided, however, that such identification markings are to be placed so as not to interfere with the usefulness and utility of such Item of Equipment. If during the Lease Term any such identification marking shall be defaced or destroyed, Lessee shall cause such defaced or destroyed identification marking to be restored or replaced. Lessee will cause each Item of Equipment to be kept numbered with the road number and serial number as shall be set forth in any Lease Supplement hereto extending this Lease to cover such Item of Equipment. Lessee shall not allow the name of any other Person to be placed on any Item of Equipment as a designation that might be identified as a claim of ownership or any other interest therein; provided that nothing herein contained shall prohibit Lessee or its permitted sublessees from placing its customary colors and insignia on any Item of Equipment or from naming each Item of Equipment. Lessee will not change the identification number of any Item of Equipment unless and until (i) a statement of a new number or numbers to be substituted therefor shall have been delivered to Security Trustee and Lessor and filed, recorded and deposited by Lessee in all appropriate public offices, including the public offices where this Lease and the Security Agreement shall have been filed, recorded and deposited, and (ii) Lessee shall have furnished Lessor and Security Trustee an opinion of counsel in form and substance reasonably satisfactory to them to the effect that such statement has been so filed, recorded and deposited and that such filing, recordation and deposit will protect Lessor's interest in such Items of Equipment and the security interest of the Security Trustee under the Security Agreement. Upon the reasonable request of Lessor, Lessee shall make the Equipment available to Lessor for inspection and shall also make Lessee's records pertaining to the Equipment reasonably available to Lessor for inspection, it being understood and agreed that Lessor shall have no obligation to make such inspection and shall incur no liability for failure to do so. During the continuance of a Default or an Event of Default, such inspection shall be at Lessee's expense.

SECTION 13. ASSIGNMENTS AND SUBLEASES.

(a) By Lessee. Lessee will not, without the prior written consent of Lessor and the Security Trustee, assign its lease of any Item of Equipment, or transfer or encumber its rights or obligations hereunder, and any attempted assignment, transfer or encumbering by Lessee shall be null and void; provided, however, subject to the receipt of any necessary regulatory approvals, Lessee may, so long as no Default or Event of Default shall have occurred and be continuing, assign its lease of any Item of Equipment to an Affiliate with the prior written consent of Lessor and the Security Trustee, which consent will not be unreasonably withheld; provided, further, subject to the receipt of any necessary regulatory approvals, Lessee may so long as no Default or Event of Default shall have occurred and be continuing without the prior consent of Lessor or the Security Trustee, sublease any Item of Equipment to any Affiliate, railroad company or other Person for a period not to exceed twelve months in accordance with customary industry practice so long as such assignment or sublease does not cause the Items of Equipment to be "tax-exempt use property" within the meaning of Section 168(h) of the Code and so long as such assignment or sublease does not extend beyond the end of the Lease Term. Any such sublease or assignment shall not be in conflict with any of the terms and conditions of this Lease and Lessee's obligations hereunder shall continue in full force and effect as the obligations of a principal and not of a surety irrespective of such sublease or assignment. Each sublease or assignment permitted by this paragraph shall be expressly subject and subordinate to all of the provisions of this Lease and to the rights and remedies of the Security Trustee under the Security Agreement and Lessor under this Lease in respect of the Items of Equipment covered by such sublease or assignment.

(b) Transfers by Lessor or Owner Participant. Lessor and Owner Participant shall not be entitled to transfer their respective interests in this Lease and the Trust Estate other than the assignment of this Lease by the Lessor to the Security Trustee pursuant to the Security Agreement except in compliance with Section 3.11 of the Trust Agreement, with respect to Lessor,

and Section 3.6(d) of the Participation Agreement, with respect to Owner Participant. No such transfer by Lessor or Owner Participant shall interfere with Lessee's rights under this Lease with respect to Lessee's use of the Items of Equipment. Lessee shall provide such information concerning the location of the Equipment as Lessor may reasonably request in connection with any such transfer.

Upon written notice by Lessor to Lessee of any such sale or assignment, Lessee shall thereafter make payments of all Fixed Rent and other sums due hereunder to the party specified in such notice and such payments shall discharge the obligation of Lessee to Lessor hereunder to the extent of such payments. Lessee shall be under no obligation to any assignee of Lessor, except upon written notice of such assignment to Lessee. Lessee hereby acknowledges and consents to the security interest and other rights and interests granted to the Security Trustee pursuant to the Security Agreement. Such notice is hereby given of the assignment of this Lease and all Rent and other payments to be made to the Lessor hereunder (other than Excepted Rights in Collateral) to the Security Trustee under and pursuant to the Security Agreement, and the Lessee agrees to make all payments of Rent in accordance with the provisions of Section 6(d). Upon any such sale or assignment under this Section 13(b), Lessee shall not be required to execute any documents in connection therewith other than a form of acknowledgment, any required Uniform Commercial Code Financing Statements or any filings required by the ICC or AAR. Any expenses incurred in connection with any such sale or assignment shall be borne solely by Lessee if an Event of Default has occurred and is continuing, otherwise solely by Lessor. Lessee shall not be required to prepare any documents in connection with any such sale or assignment.

SECTION 14. LIENS.

Assuming that the Lease has been filed with the ICC, Lessee represents and warrants to Lessor that at the time an Item of Equipment is accepted by it under the Lease, such Item will be free and clear of all Liens except Permitted Encumbrances described in clauses (i) and (iv) of the definition thereof, it being understood that a claim by the Seller against the Equipment, even if not 30 days past due, is not a Permitted Encumbrance. Lessee will not create, incur, assume or suffer to exist any Lien on or with respect to the Equipment or any part or Item thereof, Lessor's title thereto, or any interest therein, except Permitted Encumbrances. Lessee, at its own expense, will pay, satisfy and otherwise take such actions as may be necessary to keep the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor, any such Lien other than Permitted Encumbrances if the same shall arise at any time during the Lease Term. Lessee will notify Lessor upon becoming aware of any tax or other Lien (other than any Lien excepted above) that shall attach to the Equipment or any Item of Equipment.

SECTION 15. LOSS, DAMAGE OR DESTRUCTION.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation or requisition, partial or complete, of or to each Item of Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to each Item of Equipment from the Acceptance Date, and continuing until the expiration or early termination of the Lease Term and until the Item or Items of Equipment shall have been returned in accordance with Section 5 hereof. Lessee shall promptly notify Lessor of any loss or casualty damage (other than any such loss or damage which constitutes an Event of Loss) to any Item or Items of Equipment where such loss or damage is estimated to exceed the amount of self-insurance or deductible amount maintained by the Lessee pursuant to and in accordance with Section 16 hereof. Lessee shall, within 90 days of notifying Lessor of such loss or casualty damage, notify Lessor that Lessee intends to repair such Item or Items of Equipment and provide Lessor with an estimated cost and time frame with respect to such repairs.

(b) Replacement or Payment of Stipulated Loss Value upon an Event of Loss. If an Event of Loss occurs with respect to an Item or Items of Equipment during the Lease Term, Lessee shall, promptly and in any event within ninety (90) days after the occurrence of such Event of Loss, inform Lessor and Owner

Participant in regard thereto and of its election to perform one of the following options (it being agreed that if Lessee shall not have given notice of such election within ninety (90) days after such occurrence or if a Default or an Event of Default then exists, Lessee shall be obligated to perform the option set forth in the following paragraph (ii)):

(i) as promptly as practicable, and in any event on or before the Business Day next preceding the 136th day following the date of such notice, in replacement for such Item of Equipment, Lessee shall comply with Section 15(d) hereof and shall convey or cause to be conveyed to Lessor a Replacement Item to be leased to Lessee hereunder, such Replacement Item to be free and clear of all Liens (other than Permitted Encumbrances referred to in clauses (i) and (iv) of the definition of such term), to be of a similar make and model and made of aluminum and to have a similar capacity to the Item so replaced and to have a fair market value, utility and remaining useful life at least equal to the Item so replaced (assuming such Item was in the condition required to be maintained by the terms of this Lease); provided that, as a condition to Lessee's election to replace any Item of Equipment pursuant to this paragraph (i), on the Rent Payment Date next following such notice of such Event of Loss, Lessee shall pay the Stipulated Loss Value for such Item (computed as of such Rent Payment Date) to Lessor or, so long as the Lien of the Security Agreement shall not have been satisfied and discharged, to the Security Trustee to be held in escrow (but as part of the Collateral) pending the replacement of such Item in compliance with this paragraph (i) and Section 15(d) hereof (it being agreed that, upon the replacement of such Item in compliance with this paragraph (i) and Section 15(d) hereof, such Stipulated Loss Value shall be returned to Lessee); and provided further that if Lessee shall not perform its obligation to effect such replacement under this paragraph (i) during the period of time provided herein, then such Stipulated Loss Value shall be retained by Lessor or, so long as the Lien of the Security Agreement shall not have been satisfied and discharged, the Security Trustee for application in accordance with Section 5.1(d) of the Security Agreement and Lessee shall pay, on the next succeeding Rental Payment Date after the end of such period, to Lessor or, in the case of Supplemental Rent, to the person entitled thereto, the amounts specified in clauses (B) and (C) of paragraph (ii) below; or

(ii) on the Rent Payment Date next following such notice of such Event of Loss, Lessee shall pay (A) the Stipulated Loss Value for such Item (computed as of such Rent Payment Date), plus (B) the Fixed Rent and any Supplemental Rent due for such Item of Equipment on such Rent Payment Date, plus (C) all accrued and unpaid Fixed Rent and any Supplemental Rent owing for such Item of Equipment through any prior Rent Payment Date.

Lessee agrees (i) to indemnify the Owner Participant on an after-tax-basis for any adverse tax consequences resulting from the replacement of any Item pursuant to this Section 15 and (ii) to pay all legal and other expenses in connection with the replacement of any Item pursuant to this Section 15.

(c) Rent Termination. Upon the sale, retention or replacement of any Item or Items of Equipment in compliance with this Section 15 or upon the payment of all sums required to be paid pursuant to Section 15(b)(ii) hereof in respect of any Item or Items for which the Lessee has elected to pay or has been deemed to have elected to pay pursuant to the proviso to Section 15(b)(i) the amounts specified in Section 15(b)(ii), the Lease Term with respect to such Item or Items and the obligation to pay Rent for such Item or Items accruing subsequent to the date of payment of the Stipulated Loss Value for such Item or Items pursuant to Section 15(b)(ii) shall terminate; provided that Lessee shall be obligated to pay all Rent in respect of such Item or Items which has accrued up to and including the date of payment of such Stipulated Loss Value pursuant to Section 15(b)(ii); and provided further, if the replacement of any Item or Items of Equipment in accordance with this Section 15 occurs, or if the payment of all sums required to be paid pursuant to Section 15(b)(ii) hereof is due and payable, after the expiration of the Lease Term, then, in either case, Lessee shall pay to Lessor, for each day after the expiration of the Lease Term until such time that such replacement or payment, as the case may be, has been made, an amount equal to the daily equivalent of the arithmetic average of the Fixed Rent during the Basic Term for

such Item or Items or, if the Lease expired after a Renewal Term, the arithmetic average of rent paid during such Renewal Term for such Item or Items; provided further, however, that where payments in respect of the daily equivalent of Rent are made under this Section 15(c) with respect to any Item or Items of Equipment, no payments shall be due from Lessee under the first sentence of Section 5(c) hereof with respect to such Item or Items of Equipment.

(d) Disposition of Equipment; Replacement of Item. (i) Upon the payment of all sums required to be paid pursuant to this Section 15 in respect of any Item or Items of Equipment, Lessor will convey to Lessee or its designee all right, title and interest of Lessor in and to such Item or Items, "as is", "where is", without recourse or warranty, except for a warranty against Lessor's Liens, and shall execute and deliver to Lessee or its designee such bills of sale and other documents and instruments as Lessee or its designee may reasonably request to evidence such conveyance. As to each separate Item so disposed of, so long as no Default or Event of Default shall have occurred and be continuing, any payments received by Lessor or by Lessee from any insurer or other party (except Lessee) as a result of the occurrence of such Event of Loss will be applied in reduction of Lessee's obligation to pay the amounts described in Section 15(b)(ii)(A), if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such amount, and any such payments in excess of the amounts described in Section 15(b)(ii)(A) shall be paid to or retained by Lessor, and after the occurrence and continuance of a Default or an Event of Default such payments shall be paid to the Security Trustee so long as the Lien of the Security Agreement shall not have been discharged and thereafter shall be paid to the Lessor; provided however, that Lessee shall be entitled to share in any excess such that Lessee's share will be calculated as the product of (x) any excess of the amounts described above and (y) one minus a fraction having as its numerator the number of years of the Basic Term, together with any fractions thereof, which have elapsed to the date of availability of any such excess funds and a denominator equal to the total number of years of the Basic Term.

(ii) At the time of or prior to any replacement of any Item, Lessee, at its own expense, will (A) furnish Lessor with a bill of sale and an assignment of warranties with respect to the Replacement Item, (B) cause a Lease Supplement substantially in the form of Exhibit B hereto, subjecting such Replacement Item to this Lease, duly executed by Lessee, to be delivered to Lessor for execution and, upon such execution, to be filed for recordation in the same manner as the original Lease Supplement, (C) so long as the Lien of the Security Agreement shall not have been satisfied and discharged, cause a Security Agreement Supplement substantially in the form of Exhibit B to the Security Agreement for such Replacement Item, to be delivered to Lessor and to the Security Trustee for execution and, upon such execution, to be filed for recordation in the same manner as the original Security Agreement Supplement, (D) so long as the Lien of the Security Agreement shall not have been satisfied and discharged, cause a financing statement or statements with respect to the Replacement Item to be filed in such place or places as necessary in order to perfect the security interest therein created by or pursuant to the Security Agreement and precautionary Uniform Commercial Code financing statements naming Lessee as debtor, the Owner Trustee as secured party and the Security Trustee as assignee of the secured party to be filed in such public offices as are deemed necessary or appropriate by the Security Trustee, the Owner Trustee and the Owner Participant to perfect the right, title and interest of the Security Trustee as assignee of the Owner Trustee in the Equipment, (E) furnish Lessor with an opinion of Lessee's counsel, to the effect that (x) the bill of sale referred to in clause (A) above constitutes an effective instrument for the conveyance of title to the Replacement Item to Lessor, (y) good and marketable title to the Replacement Item has been delivered to Lessor, free and clear of all Liens (other than Permitted Encumbrances referred to in clauses (i) and (iv) of the definition of such term), and (z) all filings, recordings and other action necessary or appropriate to perfect and protect the Lessor's and the Security Trustee's respective interests in the Replacement Item have been accomplished and (F) furnish Lessor with a certificate of a qualified independent appraiser reasonably acceptable to Lessor (or such other Person as shall be mutually agreed to by Lessee

and Lessor and, if so mutually agreed to, may be the system chief mechanical officer of Lessee) certifying that the Replacement Item has a fair market value, utility and remaining useful life at least equal to the Item so replaced (assuming such Item was in the condition required to be maintained by the terms of this Lease) and setting forth a reasonable basis for such conclusion in reasonable detail. For all purposes hereof, upon passage of title thereto to Lessor, the Replacement Item shall be deemed part of the property leased hereunder and the Replacement Item shall be deemed an "Item" of Equipment as defined herein. Upon passage of title to any Item of Equipment, whether in connection with the replacement of such Item of Equipment or in connection with the payment of all sums required to be paid pursuant to Section 15(b)(ii) hereof with respect to such Item of Equipment, Lessor will transfer to Lessee, without recourse or warranty (except as to Lessor's Liens), all Lessor's right, title and interest in and to such Item, and upon such transfer, Lessor will request in writing that the Security Trustee execute and deliver to Lessee an appropriate instrument releasing such Item from the lien of the Security Agreement and releasing the Assignment of Warranties with respect to such Item from the assignment and pledge under the Security Agreement. As to each separate replaced Item, so long as no Default or Event of Default shall have occurred and be continuing, Lessee or its designee shall be entitled to any awards, insurance or other proceeds and damages received by Lessee, Lessor or the Security Trustee with respect to such replaced Item after having replaced such Item.

(e) Application of Payments Not Relating to an Event of Loss. So long as no Default or Event of Default shall have occurred and be continuing, any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any governmental authority or other party with respect to any loss or damage to any Item or Items of Equipment not constituting an Event of Loss will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Sections 10, 11 and 16 hereof, if not already paid by Lessee, or if already paid by Lessee, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with said Sections with respect to such loss or damage shall be retained by Lessor, and after the occurrence and continuance of a Default or an Event of Default such payments shall be paid to the Security Trustee so long as the Lien of the Security Agreement shall not have been discharged and thereafter shall be paid to the Lessor; provided, however, that Lessee shall be entitled to share in any excess such that Lessee's share will be calculated as the product of (x) any excess of the amounts described above and (y) one minus a fraction having as its numerator the number of years of the Basic Term, together with any fractions thereof, which have elapsed to the date of availability of any such excess funds and a denominator equal to the total number of years of the Basic Term. Lessee's obligation to pay all installments of Rent and other sums shall continue for the duration of such requisitioning or taking unless and until the same shall become an Event of Loss.

SECTION 16. INSURANCE.

As part of an insurance program including risk retention and self-insurance, Lessee will, at all times prior to the return of the Equipment to Lessor, at its own expense, cause to be carried and maintained (i) property damage insurance in respect of the Equipment at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance consistent with prudent industry practice by Lessee, but in any event not less comprehensive in amounts and against risks customarily insured against by Lessee in respect of equipment owned or leased by it similar in make and model to the Equipment.

Lessee may from time to time self-insure in accordance with its then-current fleet wide practice by way of deductible, premium adjustment or franchise provisions or otherwise in respect of the insurance policies covering the risks required to be insured against pursuant to this Section 16; provided, however, that during any period when (a) any debt security issued by Lessee is rated lower than Baa3 by Moody's Investors Service, Inc., lower than BBB- by Standard & Poor's Corporation, or lower than the equivalent of either thereof by any other nationally

recognized rating agency, or (b) no such debt security is outstanding or rated, the public liability insurance required hereunder shall provide a minimum coverage of \$50,000,000 and Lessee may not so self-insure in aggregate policy year amounts in excess of \$10,000,000. If Lessee shall lose the right to self-insure without restriction under this Section 16 and shall subsequently be able to self-insure without restriction under this Section 16, Lessee shall give Lessor not less than ninety (90) days' prior written notice of the commencement of any self-insurance program permitted by this Section 16, which notice shall include such details about such self-insurance as Lessor may reasonably request. In addition, Lessee shall cooperate with all reasonable requests of Lessor for such information and documentation about such self-insurance program. All such self-insurance assumed by Lessee pursuant to this Section 16 in respect of property damage and public liability shall not be in amounts greater than that under any other insurance coverage in respect of any railcar owned, operated or leased by Lessee or any Affiliate of Lessee. Upon request by Lessor, Lessee shall, at Lessor's sole cost and expense for premiums, arrange for and place insurance coverage on the Equipment, assuming such insurance can be obtained, for the benefit of Lessor, under then-existing policies and with Lessee's then-existing insurance brokers with deductibles, coverages and other terms as Lessor shall request.

Any such insurance policies shall: (i) name and insure the Lessor, in its individual and trust capacities, Owner Participant, Security Trustee and each holder of a Note as additional insureds under the comprehensive public liability insurance and under the property insurance, (ii) insure the Security Trustee or, in the event the Lien of the Security Agreement has been discharged, the Lessor, as sole loss payee under a standard loss payee clause satisfactory to the Security Trustee or the Lessor, as the case may be, under the property insurance, (iii) with respect to property insurance, provide insurer's waiver of its right of subrogation, set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability against any additional insured except for claims as shall arise from the willful misconduct or gross negligence of such additional insured, (iv) provide that such insurance as to the interest of the Lessor, Owner Participant, Security Trustee and each holder of a Note shall not be invalidated by any action or inaction of Lessee or any other Person (other than such claimant), regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or any other Person (other than such claimant), (v) provide that all such insurance is primary without right of contribution from any other insurance which might otherwise be maintained by the Lessor or any assignee under Section 13(b) and shall expressly provide that all provisions except the limits of liability, shall operate in the same manner as if there were a separate policy covering each such additional insured, (vi) provide therein or by endorsement that thirty (30) days prior written notice of expiration, cancellation or modification shall be given to the Lessor, Owner Participant, Security Trustee and each holder of a Note and shall provide that such cancellation, change or modification shall not be effective during such 30 day period as to any of the Lessor, Owner Participant, Security Trustee and each holder of a Note, and (vii) provide that no additional insured shall have any obligation or liability for premiums in connection with such insurance.

Upon the execution and delivery of this Lease and thereafter within 30 days after the close of each fiscal year of Lessee (so long as Lessee shall have the right to self-insure without restriction under this Section 16), Lessee shall furnish the Lessor, Owner Participant, Security Trustee and each holder of a Note with an Officer's Certificate, in form and substance reasonably satisfactory to each such party, evidencing compliance by Lessee with the self-insurance criteria set forth in this Section 16. In the event that Lessee shall lose the right to self-insure without restriction under this Section 16, Lessee shall furnish the Lessor, Owner Participant, Security Trustee and each holder of a Note with certificates or other satisfactory evidence of maintenance of the insurance required under this Section 16 and shall furnish binders or other formal confirmation reasonably acceptable to the Lessor evidencing renewals thereof as soon as practicable and certificates of insurance within twenty (20) days after such renewal is effected or the expiration

date of the original policy or policies, as the case may be. All other terms of insurance shall be in accordance with such insurance carried by Lessee or its Affiliates with respect to other railcars in its fleet. Lessee shall furnish written notice to the Lessor, Owner Participant, Security Trustee and each holder of a Note of any notice of cancellation, material modification, termination or lapse for non-payment of premiums with respect to any of the liability insurance provided pursuant to this Section 16 within 5 Business Days after the earlier of (i) the date on which Lessee receives such notice from the insurance company providing such insurance, and (ii) the date on which Lessee has actual knowledge of any such cancellation, material modification, termination or lapse for non-payment of premiums.

If the loss (or losses from a single incident or cause) covered by said physical damage insurance is less than \$1,000,000, the proceeds of such insurance shall be payable to Lessee provided that no Default or Event of Default shall have occurred and be continuing and after the occurrence and continuance of a Default or an Event of Default such proceeds shall be paid to the Security Trustee so long as the Lien of the Security Agreement shall not have been discharged and thereafter shall be paid to the Lessor. If such loss equals or exceeds \$1,000,000, the proceeds of such insurance shall be payable to the Security Trustee or, in the event that the Lien of the Security Agreement has been discharged, the Lessor provided that the Security Trustee or the Lessor, as the case may be, shall, so long as no Default or Event of Default has occurred or is continuing, remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor evidence that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) has paid to Lessor or Security Trustee, as the case may be, the amounts otherwise due to Lessor on loss of such Equipment pursuant to Section 15(b) hereof. Lessee's obligation to maintain insurance with respect to any Item of Equipment shall commence on the Acceptance Date of such Item of Equipment and shall run until the earliest to occur of (x) the date on which such Item of Equipment is sold, pursuant to Section 19 hereof, (y) the termination of this Lease with respect to such Items of Equipment pursuant to and in accordance with Section 27 hereof, or (z) the return of the Equipment to the Lessor in accordance with Section 5 hereof. Lessee covenants that it will not use or operate or permit the use or operation of any Item of Equipment at any time when the insurance required by this Section 16 is not in force with respect to such Item of Equipment and will not use the Equipment in a manner which would violate the terms and provisions of such insurance policies. If Lessee shall fail to cause the insurance required under this Section 16 to be carried and maintained, Lessor may provide such insurance and Lessee shall reimburse Lessor upon demand for the cost thereof as Supplemental Rent hereunder.

Nothing in this Section 16 shall prohibit Lessor, Owner Participant, Security Trustee or a holder of a Note from obtaining insurance for its own account and any proceeds payable thereunder shall be as provided in the insurance policy relating thereto; provided that no such insurance may be obtained that would limit or otherwise adversely affect the coverage of any insurance to be obtained or maintained by Lessee pursuant to this Section 16.

SECTION 17. NO WARRANTIES.

LESSEE LEASES THE EQUIPMENT AS-IS, WHERE-IS WITH ALL FAULTS, AND IN WHATEVER CONDITION IT MAY BE. NEITHER LESSOR, NOT BEING THE MANUFACTURER OR VENDOR OF THE EQUIPMENT, NOR OWNER PARTICIPANT NOR SECURITY TRUSTEE MAKES OR HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE, ANY REPRESENTATIONS OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, VALUE, DURABILITY, SUITABILITY OR ITS FITNESS FOR ANY PARTICULAR USE OR PURPOSE, LESSOR'S TITLE THERETO, LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, AND EACH OF LESSOR, OWNER PARTICIPANT AND SECURITY TRUSTEE HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER LESSOR NOR OWNER

PARTICIPANT NOR SECURITY TRUSTEE SHALL BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN THE EQUIPMENT, OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE THE EQUIPMENT FOR ANY REASON WHATSOEVER, ALL OF WHICH ITEMS OF EQUIPMENT WERE SELECTED BY LESSEE ON THE BASIS OF ITS OWN JUDGMENT WITHOUT RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY OWNER TRUSTEE, OWNER PARTICIPANT OR SECURITY TRUSTEE, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR, WHETHER IN ITS INDIVIDUAL CAPACITY OR AS TRUSTEE, OWNER PARTICIPANT, SECURITY TRUSTEE AND THE HOLDER OF ANY NOTE ON THE ONE HAND AND LESSEE ON THE OTHER HAND, ARE TO BE BORNE BY LESSEE.

Neither Lessor, Owner Participant nor Security Trustee shall have any responsibility or liability to Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. Lessee's delivery of a Lease Supplement relating to an Item of Equipment shall be conclusive evidence as between Lessee and Lessor that such Item of Equipment is in all respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor, Owner Participant or Security Trustee based on any of the foregoing matters.

So long as an Event of Default shall not have occurred and be continuing, and so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty on the Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization, and that Lessee shall provide Lessor with prior written notice of any action Lessee proposes to take on Lessor's behalf pursuant to the foregoing authorization. Any payments made by any such vendor or manufacturer pursuant to such warranty for any Item of Equipment shall be payable to Lessee so long as no Default or Event of Default shall have occurred and be continuing and after the occurrence and continuance of a Default or an Event of Default shall be paid to the Security Trustee so long as the Lien of the Security Agreement shall not have been discharged and thereafter shall be paid to the Lessor. Such payment is to be used to repair or replace damaged components in accordance with Section 11 hereof, if feasible, and if not used, such amount shall be paid promptly to Lessor.

SECTION 18. EVENTS OF DEFAULT.

Any of the following events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Interim Rent, Fixed Rent, Stipulated Loss Value, Termination Value or Make-Whole Premium within ten (10) Business Days after the same is due and payable or any Supplemental Rent (other than Stipulated Loss Value or Termination Value or Make-Whole Premium) within thirty (30) days after receipt of written notice by Lessee; or

(b) Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in the first and second paragraphs of Section 16; or

(c) any representation or warranty made by Lessee herein, or in any Lessee Agreement (other than the Tax Indemnification Agreement) or any certificate furnished in connection herewith or therewith shall prove to have been incorrect in any material respect when such was made; or

(d) Lessee shall fail to perform or observe any covenant, condition, or agreement to be performed or observed by it under

any Lessee Agreement, or in any agreement or certificate furnished in connection herewith, and such failure shall continue unremedied for thirty (30) days after receipt of written notice by Lessee specifying such failure and demanding the same to be remedied; provided that, no such default shall be deemed an Event of Default if (i) such default is curable other than by the payment of money but cannot be cured within such thirty (30) day period, (ii) such default does not impair in any material respect the Lessor's interest in the Equipment or the security interest of the Security Trustee created pursuant to the Security Agreement, and (iii) Lessee is diligently pursuing such cure and effects such cure within 180 days of the date of such default or before the last day of the Lease Term, whichever shall occur first; or

(e) Lessee becomes insolvent (however such insolvency may be evidenced) or admits insolvency or bankruptcy or its inability to pay its debts as they mature, makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for Lessee, or for the major part of its property or commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or

(f) a proceeding shall have been instituted in a court having jurisdiction in the premises, seeking a decree or order (i) for relief in respect of Lessee in an involuntary case under any applicable bankruptcy, reorganization, insolvency or other similar law now or hereafter in effect or (ii) for the appointment of a custodian, receiver, trustee or similar official of Lessee or of its property, or (iii) for the winding up or liquidation of the affairs of Lessee, and either (I) any such proceeding shall remain undismissed or unstayed and in effect for a period of 90 consecutive days or (II) such court shall enter a decree or order granting the relief sought in such proceeding or Lessee shall consent to such entry.

SECTION 19. REMEDIES UPON DEFAULT.

Upon the occurrence of any Event of Default, and at any time thereafter so long as such Event of Default shall not have been remedied, Lessor may, at its option, by written notice to Lessee, exercise any one or more of the following remedies as Lessor in its sole discretion shall elect (provided that this Lease shall automatically be deemed to be declared in default without the necessity of such written notice upon the occurrence of any Event of Default described in Section 18(e) or (f)):

(a) Lessor may terminate or cancel this Lease, without prejudice to any other remedies of Lessor hereunder, with respect to all or any Item of Equipment, and may enter the premises of Lessee to take immediate possession of the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause Lessee, at Lessee's expense, to surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 5 hereof;

(b) Lessor may hold, keep idle or lease to others the Equipment or any Item of Equipment, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay Fixed Rent payable after Lessee shall have been deprived of possession pursuant to this Section 19 shall be reduced by the net proceeds, if any, received by Lessor from leasing the Equipment or such Item to any Person other than Lessee after Lessee shall have been so deprived of possession;

(c) Lessor may sell any Item of Equipment at public or private sale as Lessor may determine, free and clear of any rights of Lessee, and Lessee shall pay to Lessor all unpaid Fixed Rent payable up to and including the date on which such sale occurs (computed on a daily equivalent basis for the period from and including the Rent Payment Date immediately preceding the date of such sale on which Fixed Rent was paid to and including the date of such sale), plus, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item sold payable after the date on which such sale occurs), an amount equal to the excess, if any, of (i) the Stipulated Loss Value of such Item so sold, computed as of the Rent Payment Date

coincident with or immediately preceding the date of such sale, over (ii) the net proceeds of such sale;

(d) Lessor, by written notice to Lessee, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor all unpaid Fixed Rent payable therefor up to and including the date of such notice plus, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for any Item of Equipment payable after the date of such notice and in lieu of the exercise by Lessor of its rights under such subsection (c) above with respect to such Item of Equipment), whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice: (i) an amount, with respect to such Item of Equipment, equal to the excess, if any, of the Fixed Rent payable for such Item of Equipment for the remainder of the then current Lease Term, over the Fair Market Rental Value of such Item of Equipment for the remainder of the then current Lease Term, after discounting such excess to present worth as of the payment date specified in such notice at the lower of (I) the Prime Rate and (II) the interest rate of the Notes; or (ii) an amount, with respect to each Item of Equipment, equal to the excess, if any, of the Stipulated Loss Value of such Item of Equipment computed as of the Rent Payment Date coincident with or next following the Event of Default, over the Fair Market Sales Value of the Equipment as of the said date;

(e) Lessor may proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease; and

(f) Lessor may exercise any other right or remedy which may be available to it under applicable law.

No remedy referred to in this Section 19 is intended to be exclusive, but each shall be cumulative and may be exercised concurrently or consecutively and shall be in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity, and the exercise in whole or in part by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is effective under applicable law. Lessee hereby waives any and all existing or future claims to any offset against the Rent payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by Lessee or on its behalf. Except as otherwise provided in this Lease, Lessee, to the full extent effective under applicable law, hereby waives all statutory or other legal requirements for any notice of any kind, any other requirements with respect to the enforcement of Lessor's rights under this Lease and any and all rights of redemption. No waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

In addition, the Lessee shall be liable for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, including during the appeal or enforcement of any judgment, and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Default or Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation, the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Item in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

Upon the date of termination of this Lease by Lessor pursuant to Section 19(a), Lessee shall, without expense to the Lessor, promptly redeliver the Items of Equipment or cause the Items of Equipment to be redelivered, to the Lessor with all reasonable dispatch, in the same manner and in the same condition as if such Items of Equipment were being redelivered on the last day of the Lease Term in accordance with the provisions of Section 5, and all obligations of the Lessee under Section 5 shall apply to such redelivery. Lessor, without further notice, may, but shall be under no obligation to, retake such Items of Equipment wherever found, without the Lessor incurring any liability by reason of such retaking, whether for the restoration of damage to property caused by such retaking or otherwise.

79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Fax No.: (801) 246-5053

All notices required to be delivered under this Lease to Lessor shall, so long as the Lien of the Security Agreement shall not have been discharged, also be delivered to the Security Trustee.

SECTION 25. LESSEE'S RENEWAL AND PURCHASE OPTIONS.

(a) Lessee's Renewal Option. If no Default or Event of Default shall have occurred and be continuing, and this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option upon written notice to Lessor, as hereinafter provided, to renew this Lease in accordance with the following terms:

(i) commencing at the end of the Basic Term, Lessee shall have the option to renew this Lease for a period of not less than one year nor more than three and one-half years (1) with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment then subject to this Lease, chosen on a random basis, and the Fixed Rent payable during the first Renewal Term for any Item of Equipment shall be at a rate equal to 50% of the average amount of each installment of Fixed Rent payable in respect of such Item of Equipment during the Basic Term ("Fixed Rate Renewal Rent Rate") or (2) with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment then subject to this Lease, chosen on a random basis, and the Fixed Rent payable during the first Renewal Term for any Item of Equipment shall be at a rate equal to such Item of Equipment's Fair Market Rental Value ("Fair Market Renewal Rent Rate");

(ii) commencing at the end of the first Renewal Term, Lessee shall have the option to renew this Lease for a period of at least one year, as selected by Lessee, but in no event shall (1) such Renewal Term when added to the Interim Term, the Basic Term and the first Renewal Term exceed 80% of the economic life of such Item(s) of Equipment and (2) the expected residual value of such Equipment at the end of such second Renewal Term be an amount less than 20% of the Purchase Price of such Equipment (without regard to inflation or deflation occurring or expected to occur from the Acceptance Date until the end of the second Renewal Term) determined in each case in the manner described in Section 25(c) hereof, provided that (A) if the Lessee shall have elected the Fixed Rate Renewal Rent Rate during the first Renewal Term, the Lessee may elect to renew this Lease (x) with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment then subject to this Lease, chosen on a random basis, and that the Fixed Rent payable during the second Renewal Term for any Item of Equipment shall be at a rate equal to the Fixed Rate Renewal Rent Rate or (y) with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment then subject to this Lease, chosen on a random basis, and the Fixed Rent payable during the second Renewal Term for any Item of Equipment shall be at a rate equal to such Item of Equipment's Fair Market Rental Value or (B) if the Lessee shall have elected the Fair Market Renewal Rent Rate during the first Renewal Term, the Lessee may elect to renew this Lease with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment subject to this Lease at the end of the Basic Term, chosen on a random basis, and the Fixed Rent payable during the second Renewal Term for any Item of Equipment shall be at a rate equal to such Item of Equipment's Fair Market Rental Value; provided that if the Lessee shall have elected to renew this Lease pursuant to this clause (B) with respect to less than all of the Items of Equipment then subject to this Lease, the maximum amount of Items of Equipment that the Lessee may renew this Lease with respect to shall not exceed the amount of Items of Equipment subject to this Lease at the end of the first Renewal Term minus 20% of the amount of Items of Equipment subject to the Lease at the end of the Basic Term; and

(iii) commencing at the expiration of the second Renewal Term and at the expiration of each Renewal Term thereafter, Lessee shall have the option to renew this Lease with respect to all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment subject to the Lease at the end of the Basic Term, chosen on a random basis, for periods of integral

multiples of six months (provided no such Renewal Term be less than one year), but in no event shall (1) such Renewal Term when added to the Interim Term, the Basic Term and all preceding Renewal Terms exceed 80% of the economic life of such Item(s) of Equipment and (2) the expected residual value of such Equipment at the end of such Renewal Term be an amount less than 20% of the Purchase Price of such Equipment (without regard to inflation or deflation occurring or expected to occur from the Acceptance Date until the end of such Renewal Term) determined in each case in the manner described in Section 25(c) hereof, and the Fixed Rent payable during any such Renewal Term for any Item of Equipment shall be at a rate equal to the Fair Market Rental Value of such Item of Equipment determined in accordance with Section 25(c) hereof; provided that if the Lessee shall have elected to renew this Lease pursuant to this clause (iii) with respect to less than all of the Items of Equipment then subject to this Lease, the maximum amount of Items of Equipment that the Lessee may renew this Lease with respect to shall not exceed the amount of Items of Equipment subject to this Lease at the end of the second Renewal Term or any such Renewal Term thereafter minus 20% of the amount of Items of Equipment subject to the Lease at the end of the Basic Term.

Except as stated above, all of the provisions of this Lease (other than Section 27) shall be applicable during each Renewal Term for each Item of Equipment. Stipulated Loss Values and Termination Values for each Item of Equipment on any Rent Payment Date during any Renewal Term shall be an amount equal to Stipulated Loss Value or the Termination Value, as the case may be, for such Item of Equipment determined as of the last Rent Payment Date of the Basic Term. If Lessee will exercise said renewal option with respect to any of said Renewal Terms, Lessee shall give irrevocable written notice to Lessor to such effect at least two hundred and forty (240) days prior to the expiration of the Basic Term and any Renewal Term.

(b) Lessee's Purchase Option. If (i) no Default or Event of Default shall have occurred and be continuing, and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon irrevocable written notice to Lessor as hereinafter provided, to purchase all, or if less than all not less than 20% nor more than 80%, of the Items of Equipment then subject to this Lease, chosen on a random basis, on the date immediately following the date of the expiration of the Basic Term of each such Item of Equipment, for an amount, with respect to each such Item of Equipment, payable in immediately available funds, equal to the lesser of (i) the Fair Market Sales Value thereof determined in accordance with Section 25(c) hereof or (ii) 44.5% of the Purchase Price of such Item(s) of Equipment (the "FPP0"), plus, in each case, any applicable sales, use, transfer, documentary, recording excise or other taxes imposed as a result of such sale (other than net income taxes attributable to such sale). In addition, Lessee shall have the option to purchase at the end of any Renewal Term those Items of Equipment for which the Lessee has not elected to renew the Lease for the Fair Market Sales Value of such Item(s) of Equipment.

If Lessee intends to exercise said purchase options, Lessee shall give irrevocable written notice to Lessor to such effect at least two hundred and forty (240) days prior to the expiration of the Basic Term or Renewal Term of such Item(s) of Equipment. In the event that Lessee exercises its purchase options under this Section 25(b), Lessor shall execute and deliver to Lessee a bill of sale, in which Lessor transfers the Item to Lessee "as is" and represents only that it is transferring whatever title was transferred to it, free and clear of all liens in favor of any person claiming by, through or under Lessor, in a form reasonably acceptable to Lessee, upon payment of the sale price by Lessee.

(c) Determination of Fair Market Sales Value and Fair Market Rental Value; Appraisal Procedure. If Lessee intends to exercise its renewal option, as provided in Section 25(a) hereof, or intends to exercise its purchase option, as provided in Section 25(b) hereof, then at least 260 days prior to the expiration of the Basic Term or any Renewal Term, Lessee shall select an appraiser mutually acceptable to Lessor for the purpose of determining the Fair Market Rental Value or Fair Market Sales Value, as the case may be, of each such Item of Equipment as of the end of the Basic Term thereof, or, if this Lease has been

renewed pursuant to Section 25(a) hereof, then as of the end of the then current Renewal Term thereof, and in the event this Lease is being renewed pursuant to Section 25(a)(ii) or 25(a)(iii), the economic life and residual value of such Equipment as set forth in Section 25(a). For the purposes of determining the economic life and the residual value of the Equipment pursuant to Section 25(a)(ii) or 25(a)(iii) hereof, all non-severable improvements made by the Lessee, other than improvements required by law or required to maintain the Equipment in the condition required by this Lease, shall be ignored.

In the event Lessor and Lessee fail to agree upon a qualified independent appraiser within 30 days of Lessee's notice of intent to exercise either its renewal or purchase option (such 30-day period being herein referred to as the "Initial Selection Period"), each party shall appoint an independent appraiser (an "Independent Appraiser") within 15 Business Days after the end of the Initial Selection Period, and the two appraisers so appointed shall within 30 Business Days after the end of the Initial Selection Period appoint a third independent appraiser (the "Third Independent Appraiser"). If no Third Independent Appraiser is appointed within 30 Business Days after the end of the Initial Selection Period, either party may request the American Arbitration Association to appoint a Third Independent Appraiser (which Third Independent Appraiser may be the American Arbitration Association), and both parties shall be bound by any such appointment.

Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Sales Value and/or the Fair Market Rental Value, as the case may be, and the economic life or residual value, if applicable, of such Item(s) of Equipment within 90 days after the appointment of such appraiser(s). If the parties shall have appointed a single appraiser, such appraiser's determination of such values and economic life shall be final and binding. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, and, unless such average shall equal the values determined by the middle appraisal (in which event such average shall be final and binding), the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding. The fees and expenses of any appraiser appointed under this Section 25(c) shall be paid for as follows: (i) if the parties shall have elected a single appraiser, the appraisal fees and expenses incurred in connection with such appraiser shall be paid by Lessee, (ii) if Lessee and Lessor each select an Independent Appraiser, each party shall pay the respective fees and expenses incurred in connection with such Independent Appraiser selected by it, and (iii) the fees and expenses incurred in connection with any Third Independent Appraiser and in connection with any American Arbitration Association appointment shall be shared equally by Lessee and Lessor. The above-described procedure shall be from time to time referred to as the "Appraisal Procedure".

SECTION 26. FINANCIAL INFORMATION; REPORTS.

(a) Lessee agrees to furnish Lessor, the Owner Participant, the Security Trustee and each holder of a Note, in duplicate, (1) within 90 days after the close of its fiscal year, an annual report of Lessee, consisting of its audited financial statements including balance sheets as of the end of such fiscal year, statements of income and cash flows for the year then ended with all notes thereto in each case certified as true and correct by the auditor thereof; (2) within 45 days after the close of each of the first three quarterly periods of Lessee's fiscal year, a balance sheet of Lessee as of the end of such quarter, and comparative statements of income and cash flows for such quarter; (3) promptly upon Lessee obtaining knowledge that there has occurred and is continuing any condition, event, act or omission which constitutes a Default or an Event of Default or a Lien (other than Permitted Encumbrances) on the Equipment, notice of such condition, event, act or omission and the steps which Lessee has taken or is taking to remedy the same; and (4) such additional information concerning the location, condition, use and operation of the Equipment and financial condition and operations of Lessee as Lessor, Security Trustee or such holder may from time to time reasonably request.

(b) Lessee shall permit any person designated by Lessor to visit and inspect the Equipment and the records (and to make copies thereof) maintained in connection therewith, all at such reasonable times as Lessor may reasonably request.

SECTION 27. VOLUNTARY TERMINATION FOR OBSOLESCENCE.

(a) Right of Termination. So long as no Default or Event of Default shall have occurred and be continuing hereunder, Lessee shall have the right, by giving at least one hundred twenty (120) days' prior written notice to Lessor, at its option, to terminate this Lease on or after August 13, 2002 with respect to all Items of Equipment then leased hereunder if, in Lessee's good faith opinion as evidenced by a certificate of the President, any Vice President or the Chairman of the Board of the Lessee, such Items shall have become no longer useful in, or surplus to, Lessee in its business, such termination to be effective on the Rent Payment Date specified in such notice (for purposes of this Section 27, called the "termination date"), upon payment to Lessor of the sum of (i) the installment of Fixed Rent due on such termination date, (ii) any other Rent or other sums due and owing on or in respect of the Equipment, (iii) an amount equal to the Termination Value of such Equipment as of the termination date, and (iv) an amount equal to the Make Whole Premium then due and payable by Lessor on the Notes under and pursuant to Section 6.2(a) of the Security Agreement. If Lessee shall fail to pay all amounts due under and pursuant to this Section 27(a), this Lease shall continue in full force and effect and it shall be deemed that Lessee has rescinded its notice of termination. Lessee shall not be entitled to give notice of its intention to terminate this Lease pursuant to this Section 27 and/or Section 29 hereof more than one time during any 12 consecutive month period during the Lease Term and a maximum of three times during the Lease Term. During the period from the giving of such notice until the termination date, Lessee, as non-exclusive agent for Lessor, shall use its reasonable efforts to secure the highest obtainable bids for the purchase of such Items and in the event it receives any bid during such period, Lessee shall promptly certify to Lessor in writing the amount and terms of such bid and the name and address of the party submitting such bid. Lessor or the Owner Participant may obtain bids, but shall be under no duty to solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with arranging such sale. Neither Lessee nor any person, firm or corporation, affiliated with Lessee, may purchase any such Item(s) of Equipment.

(b) Sale of Equipment and Termination of Lease. Upon, but not until, payment by the Lessee of all sums required to be paid pursuant to Section 27(a), including without limitation the Make Whole Premium payable thereunder, Lessor shall sell the Equipment for cash to the highest bidder certified by Lessee or obtained by Lessor or the Owner Participant and the net proceeds realized at such sale (after deduction of all reasonable out-of-pocket costs incurred by the Lessor or the Owner Participant) in an amount equal to the sum of the amounts specified in clauses (iii) and (iv) of the first sentence of the first paragraph of this Section 27 shall be retained by Lessee and any proceeds in excess of such amounts specified in such clauses shall be retained by Lessor. On the termination date, upon payment in full of the sums required by this Section 27, Lessee shall request the Security Trustee, so long as the Lien of the Security Agreement remains undischarged, to execute a release of such Item(s) from the Lien of the Security Agreement and Lessee shall deliver possession of such Item(s) to the bidder, if any, which shall have submitted the highest bid during such period, and Lessor shall, without recourse or warranty, simultaneously therewith sell such Item(s) on an "as-is", "where-is" basis for cash to such bidder. Upon, but not until, disposition of the Equipment and payment of the sums required by this Section 27, including without limitation the Make Whole Premium payable thereunder, this Lease shall terminate with respect to the Equipment. In disposing of the Equipment pursuant to this Section, Lessee shall take such action as Lessor or the Owner Participant shall reasonably request to terminate any contingent liability which Lessor or the Owner Participant might have arising after such disposition.

(c) Right of Lessor to Retain Terminated Items. Notwithstanding the foregoing provisions of this Section 27(a) and (b), Lessor may, within 60 days after Lessee's certification under this Section 27 of abid or, if Lessee does not certify any such bids,

at any time up to 30 days prior to the termination date, notify the Lessee in writing of its preemptive election to take possession of such Items of Equipment on the termination date; provided that Lessor may not so elect unless it shall simultaneously (i) agree to provide the funds necessary to pay in full the Notes on or before the termination date, and (ii) provide to Lessee evidence to Lessee's satisfaction that funds have been set aside for the payment provided in clause (i) above. Lessee shall pay the premium, if any, on the Notes required to be paid by the Lessor pursuant to Section 6.2(a) of the Security Agreement. If Lessor has not, after making its preemptive election referred to above, caused the Notes (including, without limitation, premium, if any) to be paid on or before the termination date and thereby caused this Lease to terminate, the Lessee shall on the termination date pay the amounts required to be paid by the first sentence of Section 27(a) hereof, and thereupon this Lease shall terminate with respect to such Items of Equipment. Upon receipt of such notice (and, in the case of the Lessee, evidence that the conditions of the proviso to the third preceding sentence have been satisfied), Lessee and Lessor shall cease efforts to obtain bids as provided above and shall reject all other bids theretofore or thereafter received. If the Lessor shall have made such election, on the termination date, Lessee shall deliver the Equipment to Lessor in accordance with Section 5(a) hereof and shall pay all Fixed Rent due on the termination date with respect to the Equipment, whereupon the obligation of Lessee to pay Fixed Rent due and payable after the termination date with respect to such Equipment shall cease and from and after the termination date such Equipment shall no longer be subject to this Lease. It shall be an absolute condition precedent to Lessee's right to terminate this Lease and Lessor's right to make its preemptive election under this Section 27(c) that on the termination date the Lessor shall have received and paid to the Security Trustee funds of the type specified in this Section 27 in an amount sufficient to enable it to pay in full the unpaid principal amount of all Notes which may be outstanding on such date with respect to the terminated Equipment, together with accrued interest thereon to such date and premium, if any, pursuant to Section 6.2(a) of the Security Agreement, plus all other sums then due and payable by the Lessee or the Lessor on such date under the Operative Agreements. If Lessee or the Lessor, as the case may be, shall fail to pay all amounts due and owing under the provisions of this Section 27(c), this Lease shall continue in full force and effect and it shall be deemed that Lessee has rescinded its notice of termination.

SECTION 28. CONSOLIDATION, MERGER AND SALE OF ALL ASSETS.

Lessee will not merge or consolidate with any other corporation or sell, lease or otherwise dispose of all or substantially all of its assets to any person, firm or corporation unless (a) immediately after such transaction, no Default or Event of Default shall have occurred and be continuing, (b) such consolidation, merger or sale will not materially and adversely affect the ability of the surviving or acquiring corporation to perform its obligations under the Operative Agreements and (c) the corporation which is to be the surviving or acquiring corporation in such transaction (i) shall be a corporation organized and existing under the laws of the United States of America or a state thereof, and (ii) shall, if the surviving or acquiring corporation is other than Lessee, by agreement in writing, satisfactory to the Participants, expressly assume the due and punctual payment of the Rent and other sums due and to become due under this Lease, the Participation Agreement and the Tax Indemnification Agreement and the Participants shall have received an opinion of counsel reasonably satisfactory to the Participants, in form and substance reasonably satisfactory to them, to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

SECTION 29. SPECIAL TERMINATION.

(a) Right of Termination. So long as no Default or Event of Default shall have occurred and be continuing hereunder, if any event shall occur that results in an increase of 15% or more in

the average annual Rent that is payable by Lessee hereunder (as evidenced by a certificate of the President, any Vice President or the Chairman of the Board of the Lessee), Lessee shall have the right on at least one hundred twenty (120) days' prior written notice to Lessor, to terminate this Lease with respect to all Items of Equipment then leased hereunder, such termination to be effective on the Rent Payment Date specified in such notice (for purposes of this Section 29, called the "special termination date"), upon payment to Lessor of the sum of (i) the installment of Fixed Rent due on such special termination date, (ii) any other Rent or other sums due and owing on or in respect of the Equipment, (iii) an amount equal to the greater of the Termination Value and the Fair Market Sales Value (as determined in accordance with Section 25(c) hereof) of such Equipment as of the special termination date, and (iv) an amount equal to the Make Whole Premium then due and payable by Lessor on the Notes under and pursuant to Section 6.2(b) of the Security Agreement. If Lessee shall fail to pay all amounts due under and pursuant to this Section 29(a), this Lease shall continue in full force and effect and it shall be deemed that Lessee has rescinded its notice of termination. Lessee shall not be entitled to give notice of its intention to terminate this Lease pursuant to this Section 29 and/or Section 27 hereof more than one time during any 12 consecutive month period during the Lease Term and a maximum of three times during the Lease Term. During the period from the giving of such notice until the special termination date, Lessee, as non-exclusive agent for Lessor, shall use its reasonable efforts to secure the highest obtainable bids for the purchase of such Items and in the event it receives any bid during such period, Lessee shall promptly certify to Lessor in writing the amount and terms of such bid and the name and address of the party submitting such bid. Lessor or the Owner Participant may obtain bids, but shall be under no duty to solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with arranging such sale. Neither Lessee nor any person, firm or corporation, affiliated with Lessee, may purchase any such Item(s) of Equipment.

(b) Sale of Equipment and Termination of Lease. Upon, but not until, payment by the Lessee of all sums required to be paid pursuant to Section 29(a), including without limitation the Make Whole Premium payable thereunder, Lessor shall sell the Equipment for cash to the highest bidder certified by Lessee or obtained by Lessor or the Owner Participant and the net proceeds realized at such sale (after deduction of all reasonable out-of-pocket costs incurred by the Lessor or the Owner Participant) in an amount equal to the sum of the amounts specified in clauses (iii) and (iv) of the first sentence of the first paragraph of this Section 29 shall be retained by Lessee and any proceeds in excess of such amounts specified in such clauses shall be retained by Lessor. On the special termination date, upon payment in full of the sums required by this Section 29, Lessee shall request the Security Trustee, so long as the Lien of the Security Agreement remains undischarged, to execute a release of such Item(s) from the Lien of the Security Agreement and Lessee shall deliver possession of such Item(s) to the bidder, if any, which shall have submitted the highest bid during such period, and Lessor shall, without recourse or warranty, simultaneously therewith sell such Item(s) on an "as-is", "where-is" basis for cash to such bidder. Upon, but not until, disposition of the Equipment and payment of the sums required by this Section 29, including without limitation the Make Whole Premium payable thereunder, this Lease shall terminate with respect to the Equipment. In disposing of the Equipment pursuant to this Section, Lessee shall take such action as Lessor or the Owner Participant shall reasonably request to terminate any contingent liability which Lessor or the Owner Participant might have arising after such disposition.

(c) Right of Lessor to Retain Terminated Items. Notwithstanding the foregoing provisions of this Section 29(a) and (b), Lessor may, within 60 days after Lessee's certification under this Section 29 of a bid or, if Lessee does not certify any such bids, at any time up to 30 days prior to the special termination date, notify the Lessee in writing of its preemptive election to take possession of such Items of Equipment on the special termination date; provided that Lessor may not so elect unless it shall simultaneously (i) agree to provide the funds necessary to pay in full the Notes on or before the special termination date, and (ii) provide to Lessee evidence to Lessee's satisfaction that funds have been set aside for the payment provided in clause (i) above. Lessee shall pay the premium, if any, on the Notes

required to be paid by the Lessor pursuant to Section 6.2(b) of the Security Agreement. If Lessor has not, after making its preemptive election referred to above, caused the Notes (including, without limitation, premium, if any) to be paid on or before the special termination date and thereby caused this Lease to terminate, the Lessee shall on the special termination date pay the amounts required to be paid by the first sentence of Section 29(a) hereof, and thereupon this Lease shall terminate with respect to such Items of Equipment. Upon receipt of such notice (and, in the case of the Lessee, evidence that the conditions of the proviso to the third preceding sentence have been satisfied), Lessee and Lessor shall cease efforts to obtain bids as provided above and shall reject all other bids theretofore or thereafter received. If the Lessor shall have made such election, on the special termination date, Lessee shall deliver the Equipment to Lessor in accordance with Section 5(a) hereof and shall pay all Fixed Rent due on the special termination date with respect to the Equipment, whereupon the obligation of Lessee to pay Fixed Rent due and payable after the special termination date with respect to such Equipment shall cease and from and after the special termination date such Equipment shall no longer be subject to this Lease. It shall be an absolute condition precedent to Lessee's right to terminate this Lease and Lessor's right to make its preemptive election under this Section 29(c) that on the special termination date the Lessor shall have received and paid to the Security Trustee funds of the type specified in this Section 29 in an amount sufficient to enable it to pay in full the unpaid principal amount of all Notes which may be outstanding on such date with respect to the terminated Equipment, together with accrued interest thereon to such date and premium, if any, pursuant to Section 6.2(b) of the Security Agreement, plus all other sums then due and payable by the Lessee or the Lessor on such date under the Operative Agreements. If Lessee or the Lessor, as the case may be, shall fail to pay all amounts due and owing under the provisions of this Section 29(c), this Lease shall continue in full force and effect and it shall be deemed that Lessee has rescinded its notice of termination.

SECTION 30. MISCELLANEOUS.

Each party agrees that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder unless such waiver is given in writing. A waiver on one occasion shall not be construed to be a waiver on any other occasion. The captions in this Lease are for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's or Lessee's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration, waiver, discharge or termination is sought. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and Lessee. This Lease, each Lease Supplement and each related instrument, document, agreement and certificate, collectively constitute the entire agreement of Lessor and Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of Missouri, including all matters of construction, validity and performance.

SECTION 31. THIRD-PARTY BENEFICIARIES.

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than Owner Participant, Security Trustee and each holder from time to time of a Note and the permitted successors and assigns of any such person and any party hereto) and this instrument shall not be

construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 32. LIABILITY OF LESSOR LIMITED.

It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Lessor are made and intended not as personal representations, warranties, covenants, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding First Security Bank of Utah, National Association personally, but are made and intended for the purpose of binding only the Trust Estate, and this Lease is executed and delivered by First Security Bank of Utah, National Association not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility in the case of willful misconduct or gross negligence (other than with respect to the handling of funds, in which case Lessor shall be accountable for its failure to exercise ordinary care), is assumed by or shall at any time be asserted or enforceable against First Security Bank of Utah, National Association on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by Lessee and by all persons claiming by, through or under it, and that all recourse against First Security Bank of Utah, National Association under this Lease shall be limited to the Trust Estate.

SECTION 33. EXECUTION.

This Lease may be executed in any number of counterparts and by the different parties hereto on separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. To the extent, if any, that this Lease or any Lease Supplement constitutes chattel paper or other collateral within the meaning of the Uniform Commercial Code (or other law respecting security interests) as in effect in any applicable jurisdiction, no security interest in Lessor's interest under this Lease or any such Lease Supplement may be created through the transfer or possession of any counterpart of this Lease or such Supplement other than the original executed Counterpart No. 1 hereof or thereof which shall be identified on the cover, the receipt of which is acknowledged by the Security Trustee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

Kansas City Power & Light Company, a Missouri corporation

By /s/John J. DeStefano
Its Vice President-Finance and Treasurer

First Security Bank of Utah, National Association, not individually but solely as Owner Trustee

By /s/Brett R. King
Its Trust Officer

STATE OF MISSOURI)
) SS.:
COUNTY OF JACKSON)

On this, the 2nd day of February, 1995, before me, a Notary Public in and for said County and State, personally appeared John J. DeStefano, Vice President-Finance and Treasurer of KANSAS CITY POWER & LIGHT COMPANY, who acknowledged himself to be a duly authorized officer of KANSAS CITY POWER & LIGHT COMPANY, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein

contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: /s/Jacquetta L. Hartman
Notary Public
My Commission Expires: April 8, 1996
Residing in Ray County, Missouri

STATE OF UTAH)
) SS.:
COUNTY OF SALT LAKE)

On this, the 2nd day of February, 1995, before me, a Notary Public in and for said County and State, personally appeared Brett R. the Trust Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, who acknowledged herself/himself to be a duly authorized officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, and that, as such officer, being authorized to do so, she/he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: /s/Dianne Moreno
Notary Public
My Commission Expires: November 30, 1998
Residing in Salt Lake County, Utah

DEFINITIONS

Re: KANSAS CITY POWER & LIGHT COMPANY

ANNEX 1

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(Not a part of the Agreement)

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DEFINITIONS

Re: Kansas City Power & Light Company

GENERAL PROVISIONS

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

DEFINED TERMS

"AAR" shall mean the Association of American Railroads or any successor thereto.

"Acceptance Date" for each Item of Equipment means the date on which Lessee has accepted such Item for lease under the Lease, as evidenced by Lessee's execution and delivery of a Lease Supplement for such Item dated such date.

"Acquisition Agreements" shall mean (i) the Purchase Agreement, as assigned by the Purchase Agreement Assignment dated the First Closing Date from the Lessee to the Owner Trustee, substantially in the form of Exhibit B to the Participation Agreement.

"Affiliate" shall mean any person, firm or corporation who or which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with, another person, firm or corporation. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, firm or corporation, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" means on a basis such that any payment to be received or deemed to be received shall be supplemented by a further payment so that the sum of the two payments, after deducting from such payments the amount of all taxes resulting from receipt or accrual of such payments (net of any current credits or deductions or other tax benefits arising therefrom, to the extent actually realized), assuming that the Person receiving such payments is subject to taxes at the highest marginal rate applicable to corporations, shall be equal to the payments to be received or deemed to have been received.

"Appraisal Procedure" shall have the meaning specified in Section 25(c) of the Lease.

"Assigned Agreement" shall mean the Lease and all of the

other agreements referred to in Division III of the Granting Clauses of the Security Agreement.

"Bankruptcy Code" shall mean the Federal Bankruptcy Code as amended from time to time, 11 U.S.C. paragraph 101 et seq.

"Basic Term" shall have the meaning specified in Section 4 of the Lease.

"Basic Term Commencement Date" shall have the meaning specified in Section 4 of the Lease.

"Beneficial Interest" shall mean the interest of the Owner Participant under the Trust Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of Delaware, Massachusetts or Utah are authorized or required to be closed.

"Closing Dates" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any successor code.

"Collateral" shall have the meaning specific in the Granting Clauses of the Security Agreement.

"Debtor" shall mean the Owner Trustee, as debtor under the Security Agreement.

"Default" under the Lease shall mean any event which would constitute an Event of Default under the Lease if any requirement in connection therewith for the giving of notice or the lapse of time, or both, had been satisfied.

"Default" under the Security Agreement shall mean any event which would constitute an Event of Default under the Security Agreement if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Employee benefit plan" has the meaning specified in Section 3 of ERISA.

"Enforcement Date" shall have the meaning specified in Section 7.3 of the Security Agreement.

"Enforcement Notice" shall have the meaning specified in Section 7.3 of the Security Agreement.

"Equipment" shall mean collectively those new 120-ton high side rotary dump aluminum gondola railcars (and "Item" or "Item of Equipment" shall mean individually each railcar) described in the Lease Supplement delivered on each Closing Date, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on any item thereof which are the property of the Owner Trustee pursuant to the terms of the Lease.

"Equipment Cost" shall mean the aggregate cost of all Items of Equipment subject to the Lease.

"Equipment Lease" -- See "Lease".

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor law.

"Event of Default" under the Lease is defined in Section 18 thereof.

"Event of Default" under the Security Agreement is defined in Section 7.1 thereof.

"Event of Loss" with respect to any Item of Equipment shall mean (i) the loss of such Item of Equipment or any substantial part thereof or of the use thereof due to theft or disappearance for a period in excess of 180 days during the Lease Term, or existing at the expiration or earlier termination of the Lease Term, (ii) the destruction, or damage beyond repair which, in

Lessee's good faith opinion, makes such Item of Equipment or any substantial part thereof permanently unfit for normal use for any reason whatsoever, (iii) the condemnation, confiscation, seizure, or requisition of use by any governmental authority under the power of eminent domain or otherwise for a period in excess of 180 days during the Lease Term, or existing at the expiration or earlier termination of the Lease Term, or (iv) the requisition of title to such Item of Equipment or any substantial part thereof by any governmental authority under the power of eminent domain or otherwise.

"Excepted Rights in Collateral" shall have the meaning specified in the Granting Clauses of the Security Agreement.

"Fair Market Sales Value" shall be determined on the basis of, and shall equal in value, the retail amount (as opposed to the wholesale amount) which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession) and an informed and willing seller under no compulsion to sell, and in such determination, costs of removal from the location of current use shall not be a deduction from such value. Any such determination made (i) under Section 11 or 19 of the Lease shall be made on the assumption that the Equipment is sold on an "as-is, where-is" basis, and (ii) at any other time shall be made on the assumption that the Equipment is in the condition and state of repair required by the terms and provisions of the Lease.

"Fair Market Rental Value" shall be determined on the basis of, and shall equal in value, the amount which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease, and in such determination, costs of removal from the location of current use shall not be a deduction from such value. Any such determination made (i) under Section 11 or 19 of the Lease shall be made on the assumption that the Equipment is leased on an "as-is, where-is" basis, and (ii) at any other time shall be made on the assumption that the Equipment is in the condition and state of repair required by the terms and provisions of the Lease.

"Final Determination", with respect to a Loss, shall have the meaning specified in Section 8(f)10 of the Tax Indemnification Agreement.

"First Closing Date" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

"Fixed Rent" shall mean all rent payable pursuant to Section 6(b) of the Lease for the Basic Term and all Rent payable pursuant to Section 25(a) of the Lease for the Renewal Term, if any.

"FPP0" shall have the meaning set forth in Section 25(b) of the Lease.

"Guidelines" shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

"ICC" means the Interstate Commerce Commission or any successor thereto.

"Indebtedness Hereby Secured" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Owner Trustee under the terms of the outstanding Notes, the Security Agreement or the Participation Agreement.

"Indemnified Parties" shall mean the Participants, the Owner Trustee (in its individual or trust capacities), the Trust Estate and the Security Trustee (in its individual or trust capacities), and successors, assigns, agents, servants, officers, directors and employees of each of the foregoing.

"Indemnitors" shall have the meaning specified in Section 8 of the Participation Agreement.

"Independent Tax Counsel" means independent tax counsel selected by Owner Participant and reasonably acceptable to Lessee.

"Interchange Rules" shall have the meaning specified in Section 10 of the Lease.

"Interest" shall mean the Beneficial Interest or a Note, individually, and "Interests" shall mean the Beneficial Interest and the Notes, collectively.

"Interim Rent" shall mean for the Equipment, the aggregate amounts payable for such Equipment pursuant to Section 6(a) of the Lease during the Interim Term.

"Interim Rent Payment Date" shall mean August 13, 1995.

"Interim Term" shall have the meaning specified in Section 4 of the Lease.

"IRS" shall mean the Internal Revenue Service or any successor agency.

"Late Rate" shall mean interest at the annual rate equal to the higher of (i) 9.55%, and (ii) the Prime Rate plus 1%.

"Lease" or "Equipment Lease" shall mean the Railcar Lease dated as of January 31, 1995, between the Lessor, as lessor, and the Lessee, as lessee, as amended or supplemented from time to time.

"Lease Supplement" shall mean each Lease Supplement, substantially in the form of Exhibit B to the Lease, entered into between the Lessor and the Lessee pursuant to Section 3 of the Lease on each Closing Date, and shall include any supplement, amendment or restatement thereof. Each Lease Supplement shall contain a description of the Equipment to be delivered on such Closing Date, shall confirm that the Equipment has been accepted by the Lessee and shall set forth a summary of the Purchase Price of the Equipment. Each reference to "the Lease" shall include the Lease and the Lease Supplements.

"Lease term" shall mean the Interim Term, the Basis Term and each Renewal Term.

"Lessee" shall mean Kansas City Power & Light Company, a Missouri corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof subject to Section 28 of the Lease.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is a party.

"Lessor" shall mean the Owner Trustee, as lessor under the Lease.

"Lessor's Liens" shall mean the Liens arising as a result of (i) claims against Lessor, in its individual capacity or as Owner Trustee or Owner Participant not related to the transactions contemplated by the Participation Agreement, (ii) acts of Lessor in its individual capacity or as Owner Trustee, and in the case of Lessor arising out of its gross negligence or willful misconduct either not related to the transactions contemplated by the Participation Agreement or expressly prohibited under the Lease or under the Participation Agreement, (iii) "taxes, fees or other charges" as defined in Section 6(a) of the Participation Agreement imposed against Lessor, in its individual capacity or as Owner Trustee, Owner Participant, the Trust or the Trust Estate which are not indemnified against by Lessee pursuant to Section 6 of the Participation Agreement other than Liens which are not due and payable or the amount or validity of which are being contested in good faith by appropriate legal proceedings which will not result in the forfeiture or sale of the Equipment or materially and adversely affect Owner Trustee's title thereto or interfere with the due payment by the Lessee to the Security Trustee, the Owner Trustee or the Owner Participant of any Rent or the due application by the Security Trustee of any such Rent

pursuant to the Security Agreement and which do not otherwise materially and adversely affect the interest and rights of the Security Trustee in the Collateral or (iv) claims against Lessor arising out of the voluntary transfer by Lessor or Owner Participant of its interest in the Equipment other than a transfer of the Equipment pursuant to Sections 15, 25 or 27 and other than a transfer made while an Event of Default under the Lease has occurred and is continuing.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on property.

"Loan Value" shall have the meaning specified in Section 5.1(d) of the Security Agreement.

"Loss" shall have the meaning given in Section 6 of the Tax Indemnification Agreement.

"Make Whole Premium" shall mean, with respect to the termination of the Lease pursuant to Section 27 of the Lease or a refinancing pursuant to Section 2.7 of the Participation Agreement and the prepayment of the Notes under Section 6.2 of the Security Agreement, the excess of (a) the present value of the principal and interest payments (exclusive of interest accrued to the date of such payment or prepayment) on and in respect of the Notes being prepaid or paid, as the case may be, that would otherwise become due and payable (without giving effect to such prepayment or payment) (including the final payment on the maturity date of Notes), all determined by discounting such payments and prepayments semiannually at a rate which is equal to the Treasury Rate over (b) the aggregate principal amount of the Notes then to be paid or prepaid. To the extent that the Treasury Rate at the time of such payment is equal to or higher than 8.55%, the Make Whole Premium is zero.

"Net Economic Return" means the Owner Participant's anticipated after-tax yield and aggregate after-tax cash flow, utilizing the multiple investment sinking fund method of analysis, computed on the basis of the same methodology and assumptions as were utilized by the Owner Participant in determining Interim Rent, Fixed Rent, Stipulated Loss Values, Termination Values and the FPP0 as of the First Closing Date and maintaining the general pattern of FASB Statement No. 13 accounting over the remainder of the Term. Net Economic Return shall not mean or include Owner Participant's return on equity or return on assets.

"Note" shall mean any of, and "Notes" shall mean all of, the then outstanding Notes, and "outstanding", when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Debtor and secured by the Security Agreement, except:

(a) Notes theretofore cancelled by the Security Trustee or delivered to the Security Trustee for cancellation;

(b) Notes for the payment of prepayment of which moneys in the necessary amount shall have been deposited in trust with the Security Trustee; provided that if such Notes are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as provided in Section 6.4 of the Security Agreement, or provision satisfactory to the Security Trustee shall have been made for giving such notice; and

(c) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to the terms of Section 2.4 of the Security Agreement.

"Noteholder" shall mean the holder of any Note issued and outstanding under the Security Agreement.

"Note Purchasers" shall mean the Note Purchasers named in Schedule 2 to the Participation Agreement and their successors and assigns, including successive holders of the Notes.

"Officer's Certificate" shall mean a certificate signed in the case of a corporation by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of such corporation, in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general

partner, and in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee, or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, Secretary or Assistant Secretary, or any other officer or assistant officer customarily performing the functions similar to those performed by the Persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean and include the Participation Agreement, the Warranty Bill of Sale, the Acquisition Agreements, the Trust Agreement, the Lease, the Lease Supplements, the Notes outstanding at the time of reference, the Security Agreement, the Security Agreement Supplements and the Tax Indemnification Agreement.

"Owner Participant" shall mean Shawmut Bank, National Association, a national banking association, and its successors and permitted assigns of its Beneficial Interest.

"Owner Participant Agreements" shall mean the Operative Agreements to which the Owner Participant is a party.

"Owner Trustee" shall mean First Security Bank of Utah, National Association, not in its individual capacity but solely in its capacity as trustee under the Trust Agreement and its successors in trust thereunder.

"Owner Trustee Agreements" shall mean the Operative Agreements to which First Security Bank of Utah, National Association, either in its individual or trust capacity, is a party.

"Participants" shall mean the Note Purchaser and the Owner Participant.

"Participation Agreement" shall mean the Participation Agreement dated as of January 31, 1995, among the Lessee, the Participants, the Owner Trustee and the Security Trustee.

"Permitted Contest" shall mean a good-faith contest conducted in a manner so as to prevent the imposition of any criminal penalty on, or adverse effect on the title, property or right of, such Indemnified Party, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, Liens or impositions which, under the terms of the Lease, are required to be paid or discharged by the Lessee or the Lessor, as the case may be, but for such contest.

"Permitted Encumbrances" which respect to the Equipment and each Item thereof, shall mean (i) the interest of the Lessee and the Owner Trustee, respectively, under the Lease; (ii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any Liens of mechanics, suppliers, materialmen and laborers for work or services performed or materials furnished in connection with the Equipment or any Item thereof which are not more than 30 days past due or the amount or validity of which is being contested by a Permitted Contest; (iv) the Lien and security interest granted to the Security Trustee under and pursuant to the Security Agreement; and (v) the rights of any sublessee or assignee pursuant to Section 13 of the Lease in respect of the Equipment.

"Person" shall mean an individual, partnership, corporation, firm, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Pricing Assumptions" shall mean the assumptions set forth in Annex 2 to the Lease.

"Prime Rate" shall mean for any day the rate announced by Shawmut Bank, National Association, from time to time at its principal office in Boston, Massachusetts, as its prime rate for domestic (United States) commercial loans in effect on such day (such Prime Rate is not necessarily intended to be the lowest rate of interest charged by Shawmut Bank, National Association, in connection with the extensions of credit).

"Purchase Agreement" shall mean the written agreement between the Lessee and the Seller with respect to the Equipment, as amended or modified.

"Purchase Price" shall mean \$31,855,625; provided that, with respect to any calculation under any Operative Agreement affecting less than all of the Items of Equipment, the Purchase Price shall be the product of (i) the quotient of (A) the number of affected Items of Equipment involved in such calculation divided by (b) 625, multiplied by (ii) the Purchase Price. In the event that any Item or Items of Equipment shall have been removed from the Lease and no Replacement Item or Replacement Items shall have been substituted therefor, then from and after the date of such removal the Purchase Price shall mean the product of (i) the quotient of (A) the number of Items of Equipment subject to the Lease immediately following such removal divided by (B) the number of Items of Equipment subject to the Lease immediately prior to such removal, multiplied by (ii) the Purchase Price immediately prior to such removal.

"Reasonable Basis" for a position shall exist if tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Register" shall mean the register caused to be kept by the Owner Trustee at the principal office of the Security Trustee for the purpose of recording the registration and transfer of the Notes.

"Regulations" shall mean the income tax regulations issued, published or promulgated under the Code.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 25(a) thereof.

"Rent" shall mean Interim Rent, Fixed Rent and Supplemental Rent.

"Rent Payment Dates" shall mean for each Item of Equipment (i) for the Basic Term thereof, February 13, 1996, and the thirteenth day of each August and February thereafter throughout, to and including August 13, 2015, and (ii) for each Renewal Term thereof, each date on which a payment of Fixed Rent is due and payable for such Item as provided in Section 25(a) of the Lease.

"Replacement Item" shall mean an item of railroad rolling stock of a similar make and model and made of aluminum and having a similar capacity as the Item of Equipment for which it is a replacement and which shall have been leased under the Lease pursuant to Section 15 thereof.

"Responsible Officer" of the Owner Trustee shall mean any Officer in the Corporate Trust Administration department of the Owner Trustee.

"Responsible Officer" of the Security Trustee shall mean the President, any Vice President, Trust Officer, Corporate Trust Officer or any other Officer of the Corporate Trust Administration department of the Security Trustee.

"Second Closing Date" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Security Agreement" shall mean the Security Agreement - Trust Deed dated as of January 31, 1995, between the Owner Trustee, as debtor, and the Security Trustee, as secured party, as amended or supplemented from time to time.

"Security Agreement Supplement" shall mean each Security Agreement Supplement, substantially in the form of Exhibit B to the Security Agreement, entered into between the Debtor and the Security Trustee on each Closing Date, covering the Equipment to be delivered on such Closing Date.

"Security Trustee" shall mean Wilmington Trust Company and

its successors in trust not in its individual capacity but solely as security trustee under the Security Agreement.

"Seller" shall mean Johnstown America Corporation.

The term "separate account" shall have the meaning specified in Section 3 of ERISA.

"Stipulated Loss Value" of an Item as of any Rent Payment Date shall mean the amount determined in accordance with Exhibit C of the Lease as such percentage or percentages may be adjusted in accordance with the provisions of Section 6(f) of the Lease. Notwithstanding any other provision of the Lease, the Participation Agreement or the Security Agreement, each Stipulated Loss Value for the Equipment shall be, under any circumstances and in any event, an amount, together with Fixed Rent due and owing through the date of such Stipulated Loss Value, at least equal to the aggregate unpaid principal amount of and accrued interest on the Notes outstanding on such date.

"Subsidiary" shall mean any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by the Lessee or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by the Lessee and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Fixed Rent) which the Lessee is obligated to pay under the Lease or the Participation Agreement, including, but not limited to, Stipulated Loss Value and Termination Value payments, payment of the Make Whole Premium under Section 27 of the Lease, and amounts, if any, payable under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 6(f) of the Lease) by the Lessee.

"Tax Assumptions" shall have the meaning given in Section 2 of the Tax Indemnification Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of January 31, 1995, between the Lessee and the Owner Participant.

"Term" shall mean the Lease Term.

"Termination Value" of an Item of Equipment as of any Rent Payment Date shall mean with respect to such Item of Equipment an amount determined in accordance with Exhibit C of the Lease as such percentage or percentages may be adjusted in accordance with the provisions of Section 6(f) of the Lease. Notwithstanding any other provision of the Lease, the Participation Agreement or the Security Agreement, each Termination Value for the Equipment shall be, under any circumstances and in any event, an amount, together with Fixed Rent due and owing through the date of such Termination Value, at least equal to the aggregate unpaid principal amount of and accrued interest on the Notes outstanding on such date of payment.

"Transaction Costs" shall have the meaning set forth in Section 2.6 of the Participation Agreement.

"Treasury Rate" shall mean at any time with respect to the Notes being prepaid the sum of (i) .50%, plus (ii) the weekly average of the yield to maturity on the United States Treasury obligations with a constant maturity (as compiled by and published in the most recently published issue of the United States Federal Reserve Statistical Release designated H.15(519) or its successor publication) most nearly equal to (by rounding to the nearest month) the Weighted Average Life to Maturity of the Notes then being prepaid or (2) in the event that no such United States Federal Reserve Statistical Release is available, Treasury Rate shall mean the sum of (i) .50%, plus (ii) the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (New York, New York time) for the United States government Securities having a maturity most nearly equal to (by rounding to the nearest month) the Weighted Average Life to Maturity of the Notes then

being prepaid. If no maturity exactly corresponding to such Weighted Average Life to Maturity of the Notes shall appear therein, the weekly average yields for the two most closely corresponding published maturities shall be calculated pursuant to the foregoing sentence and the Treasury Rate shall be interpolated from such yields on a straight-line basis (rounding, in the case of relevant periods, to the nearest month).

"Trust" shall have the meaning specified in the Trust Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of January 31, 1995, between the Owner Participant and First Security Bank of Utah, National Association.

"Trust Estate" shall have the meaning specified in Section 1.2 of the Trust Agreement.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).

"Warranty Bill of Sale" shall mean each Warranty Bill of Sale dated a Closing Date from the Seller or to the Owner Trustee pursuant to which the Seller shall convey to the Owner Trustee title to the Equipment for which settlement is being made on such date.

"Weighted Average Life to Maturity" with respect to the Notes shall mean, as at the time of determination, the number of years obtained by dividing the then Remaining Dollar-years of the Notes by the sum of the remaining scheduled principal payments on such Notes. The term "Remaining Dollar-years" of the Notes means the product obtained by (1) multiplying (A) the amount of each then scheduled required principal payment (including payment at final maturity), by (B) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination of the Weighted Average Life to Maturity of the Notes and the date of such required payment is due, and (2) totalling all the products obtained in (1).

PRICING ASSUMPTIONS

CLOSING DATE: First Closing Date: February 14, 1995 - 250 Items of Equipment

Second Closing Date: March 7, 1995 - 375 Items of Equipment

ASSETS: 625 new 120-ton high side rotary dump aluminum gondola railcars, as listed in Exhibit B to the Railcar Lease

PURCHASE PRICE OF ASSETS: \$31,855,625

INTERIM TERM

COMMENCEMENT DATE: First Closing: February 14, 1995
Second Closing: March 7, 1995

BASIC TERM

COMMENCEMENT DATE: August 13, 1995

BASIC TERM: Twenty years

INTERIM RENT: Interest only on Notes, payable by the Lessor on the Basic Term Commencement Date

FIXED RENT DURING

THE BASIC TERM: As set forth in Exhibit C to the Railcar Lease.

INTEREST RATE ON NOTES: 8.55%

PERCENTAGE OF PURCHASE PRICE OF ASSETS FUNDED BY NOTES: 70.93%

AMORTIZATION OF NOTES: As set forth in Annex 2 of the Security Agreement.

TAX ASSUMPTIONS: As set forth in Section 2 of the Tax Indemnification Agreement.

ASSUMED TRANSACTION COSTS: 0.88%

DESCRIPTION OF EQUIPMENT

625 new 120-ton high side rotary dump aluminum gondola railcars, as more specifically described in the Lease Supplements delivered on each Closing Date.

LEASE SUPPLEMENT NO. _____

THIS LEASE SUPPLEMENT NO. _____ dated _____, 1995 between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, not individually but solely as OWNER TRUSTEE ("LESSOR"), AND KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation ("Lessee"),

WITNESSETH:

1. Lessor and Lessee have heretofore entered into a Railcar Lease dated as of January 31, 1995 (the "Lease") providing for the execution and delivery of Lease Supplements substantially in the form hereof. The terms defined in the Lease shall have the same meanings when used herein.

2. Lessee hereby acknowledges and confirms that on or prior to the date hereof, the Equipment described in Schedule 1 attached hereto has been delivered and accepted by the Lessee. Lessee represents that the Equipment is free and clear of all liens and encumbrances (except Permitted Encumbrances) and in a condition which in all respects is satisfactory to the Lessee and in compliance with the Lease.

3. Lessee hereby certifies that the date of acceptance of the Equipment and commencement of the Interim Term with respect thereto is the date of this Lease Supplement No. _____.

4. Lessee hereby certifies that the Purchase Price for the Equipment is \$_____.

5. Interim Rent for the Equipment is payable in the amount set forth in Section 6(a) of the Lease on August 13, 1995. Fixed Rent, Stipulated Loss Values and Termination Values for the Equipment is payable in the amounts and on the Rent Payment Dates set forth in Schedule 2 attached hereto.

Counterpart No. _____ of 11.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

KANSAS CITY POWER & LIGHT COMPANY, A MISSOURI CORPORATION

BY ITS

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, NOT INDIVIDUALLY BUT SOLELY AS OWNER TRUSTEE

BY ITS

STATE OF _____)
) SS.:
COUNTY OF _____)

On this, the _____ day of _____, 1995, before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of KANSAS CITY POWER & LIGHT COMPANY, who acknowledged himself to be a duly authorized officer of KANSAS CITY POWER & LIGHT COMPANY, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

SCHEDULE OF FIXED RENT

RENT INSTALLMENT FOR THE ITEM OF EQUIPMENT
 EQUAL TO THE PURCHASE PRICE OF THE EQUIPMENT
 TIMES THE FOLLOWING FIXED RENTAL FACTOR

RENT PAYMENT DATE	DUE IN ARREARS	DUE IN ADVANCE
8/13/95	0.00000000%	0.00000000%
2/13/96	0.90000002%	2.13205304%
8/13/96	4.50297579%	0.00000000%
2/13/97	0.90000002%	2.06917111%
8/13/97	4.56585777%	0.00000000%
2/13/98	0.90000002%	2.00091274%
8/13/98	4.63411611%	0.00000000%
2/13/99	0.90000002%	1.92681829%
8/13/99	4.70821056%	0.00000000%
2/13/00	0.90000002%	1.84638879%
8/13/00	4.78864012%	0.00000000%
2/13/01	0.90000002%	1.75908252%
8/13/01	4.87594630%	0.00000000%
2/13/02	0.90000002%	1.66431162%
8/13/02	4.97071729%	0.00000000%
2/13/03	0.90000005%	1.56143777%
8/13/03	5.07359112%	0.00000000%
2/13/04	0.90000002%	2.03244852%
8/13/04	4.60258036%	0.00000000%
2/13/05	0.90000002%	5.10312251%
8/13/05	3.20635608%	0.00000000%
2/13/06	0.90000002%	5.17131213%
8/13/06	3.13816646%	0.00000000%
2/13/07	0.90000002%	6.45922219%
8/13/07	1.85025640%	0.00000000%
2/13/08	0.90000002%	7.53786061%
8/13/08	0.77161798%	0.89999998%
2/13/09	0.00000000%	7.68095095%
8/13/09	0.62852765%	0.89999998%
2/13/10	0.00000000%	7.92005974%
8/13/10	0.38941882%	0.90000002%
2/13/11	0.00000000%	8.21617874%
8/13/11	0.09329985%	0.89999998%
2/13/12	0.00000000%	8.30947856%
8/13/12	0.00000000%	0.89999998%
2/13/13	0.00000000%	8.30947856%
8/13/13	0.00000000%	0.89999998%
2/13/14	0.00000000%	8.30947859%
8/13/14	0.00000000%	0.90000002%
2/13/15	0.00000000%	8.30947859%
8/13/15	0.00000000%	

EXHIBIT C
 (to Railcar Lease)

Schedule of
 Stipulated Loss Value and Termination Value

Values are net of any ADVANCE OR ARREARS
 Rent due that day. The Lessee pays the
 Loss Value plus the "Rental Received" to
 the extent the "Rent Received" has not
 already been paid.

RENT PAYMENT DATE	STIPULATED LOSS OR TERMINATION VALUE	RENTAL RECEIVED
8/13/95	107.44792714%	0.00000000%
2/13/96	109.13593901%	3.03205305%
8/13/96	109.14593092%	4.50297579%
2/13/97	110.34737247%	2.96917113%
8/13/97	109.77718734%	4.56585777%
2/13/98	110.61080273%	2.90091276%
8/13/98	109.59243374%	4.63411611%
2/13/99	110.17737389%	2.82681831%
8/13/99	108.80336669%	4.70821056%
2/13/00	109.22713410%	2.74638881%

8/13/00	107.53937001%	4.78864012%
2/13/01	107.80728745%	2.65908253%
8/13/01	105.78575813%	4.87594630%
2/13/02	105.89155633%	2.56431164%
8/13/02	103.55426460%	4.97071729%
2/13/03	103.59640084%	2.46143782%
8/13/03	101.04283453%	5.07359112%
2/13/04	100.55162667%	2.93244854%
8/13/04	98.39092592%	4.60258036%
2/13/05	94.76551059%	6.00312253%
8/13/05	93.81685707%	3.20635608%
2/13/06	90.01123886%	6.07131215%
8/13/06	89.01542136%	3.13816646%
2/13/07	83.80700675%	7.35922221%
8/13/07	83.93877619%	1.85025640%
2/13/08	77.54085338%	8.43786063%
8/13/08	77.68398733%	1.67161796%
2/13/09	71.88170181%	7.68095095%
8/13/09	72.03244443%	1.52852763%
2/13/10	65.87586250%	7.92005974%
8/13/10	66.15547409%	1.28941884%
2/13/11	59.61164601%	8.21617874%
8/13/11	60.09201395%	0.99329983%
2/13/12	53.37485844%	8.30947856%
8/13/12	53.86686309%	0.89999998%
2/13/13	47.07577485%	8.30947856%
8/13/13	47.49682257%	0.89999998%
2/13/14	40.63456794%	8.30947859%
8/13/14	40.97417166%	0.90000002%
2/13/15	33.94785981%	8.30947859%
8/13/15	35.00000002%	0.00000000%

EXHIBIT D
(to Railcar Lease)

KANSAS CITY POWER & LIGHT COMPANY

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

	1994	Year Ended December 31			1990
		1993	1992	1991	
		(Thousands)			
Income from continuing operations	\$104,775	\$105,772	\$ 86,334	\$103,893	\$102,732
Add:					
Taxes on income	66,377	67,953	52,196	60,278	57,062
Kansas City earnings tax	524	495	382	242	376
Total taxes on income	66,901	68,448	52,578	60,520	57,438
Interest on value of leased property	6,732	7,273	6,366	5,075	4,357
Interest on long-term debt	43,962	50,118	54,266	63,057	68,853
Interest on short-term notes	1,170	750	2,749	3,299	6,199
Other interest expense and amortization	4,128	4,113	2,173	2,665	2,492
Total fixed charges	55,992	62,254	65,554	74,096	81,901
Earnings before taxes on income and fixed charges	\$227,668	\$236,474	\$204,466	\$238,509	\$242,071
Ratio of earnings to fixed charges	4.07	3.80	3.12	3.22	2.96

OPINION AND CONSENT OF COUNSEL

As Vice President-Law and Corporate 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, 1994, and consent to the incorporation by reference of such statements in the Company's previously-filed Form S-3 Registration Statements (Registration No. 33-54196, Registration No. 33-51799 and Registration No. 33-56309) and Form S-8 Registration Statements (Registration No. 33-45618 and Registration No. 33-62942).

/s/Jeanie Sell Latz

Kansas City, Missouri
March 28, 1995

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Kansas City Power & Light Company on Form S-3 (File Nos. 33-51799, 33-54196 and 33-56309) and Form S-8 (File Nos. 33-45618 and 33-62942) of our report dated January 30, 1995, on our audits of the consolidated financial statements of Kansas City Power & Light Company and Subsidiary as of December 31, 1994 and 1993, and for the years ended December 31, 1994, 1993, and 1992, which report is included in this Annual Report on Form 10-K.

/s/Coopers & Lybrand L.L.P.
COOPERS & LYBRAND L.L.P.

Kansas City, Missouri
March 28, 1995

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 Drue Jennings, 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; 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 6th day of February, 1995.

/s/David L. Bodde

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 6th day of February, 1995, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/William H. Clark

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, before me the undersigned, a Notary Public, personally appeared William H. Clark, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/Robert J. Dineen

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, before me the undersigned, a Notary Public, personally appeared Robert J. Dineen, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/Arthur J. Doyle

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, before me the undersigned, a Notary Public, personally appeared Arthur J. Doyle, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/W. Thomas Grant II

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, before me the undersigned, a Notary Public, personally appeared W. Thomas Grant II, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/George E. Nettels, Jr.

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, before me the undersigned, a Notary Public, personally appeared George E. Nettels, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/Linda H. Talbott

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

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 Drue Jennings, 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; 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 7th day of February, 1995.

/s/Robert H. West

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 7th day of February, 1995, 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 executed the same as his 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
Notary Public for State of
Missouri, Ray County

My Commission Expires:

April 8, 1996

UT
1,000

YEAR	
Dec-31-1994	Dec-31-1994
	PER-BOOK
2,336,142	
98,429	
135,439	
200,387	
	0
	2,770,397
	449,697
(1,736)	
	426,738
874,699	
	1,596
	89,000
	798,470
	1,000
	0
31,000	
33,419	
	0
	0
	0
941,213	
2,770,397	
	868,272
	70,949
	647,632
	718,581
	149,691
	2,500
152,191	
	47,416
	104,775
	3,457
101,318	
	92,854
	43,962
	276,585
	1.64
	1.64