BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of	)	
Kansas City Power & Light Company	)	
For Approval to Issue Secured Debt	)	Case No. EO-2009-_____
To Two Bond Insurers Under Existing	)	
Municipal Bond Insurance Agreements	)	

APPLICATION

Pursuant to §§303.180 and 393.190, RSMo 2008 and 4 C.S.R. § 240-2.060, 2.080 and 3.110, Kansas City Power & Light Company ("KCP&L") hereby respectfully submits to the Missouri Public Service Commission ("Commission") its application ("Application") for approval to issue secured debt to two bond insurers under existing municipal bond insurance agreements, as follows:

Applicant

1. KCP&L is a Missouri corporation, in good standing in all respects, with its principal office and place of business at 1201 Walnut Street, Kansas City, Missouri 64106. KCP&L is engaged in the generation, transmission, distribution and sale of electricity in western Missouri and eastern Kansas, operating primarily in the Kansas City metropolitan area. KCP&L is an "electrical corporation" and "public utility" as those terms are defined in Section 386.020 and, as such, is subject to the jurisdiction of the Commission as provided by law. KCP&L's Certificate of Good Standing was filed in Case No. EM-2000-753 and is incorporated herein by reference.

2. KCP&L sells electricity at retail rates to approximately 271,000 customers in Missouri and 233,000 in Kansas. It owns 1,755 miles of high-voltage power lines and 4,055 megawatts of base, intermediate and peak load generating capacity and 100.5 MW of wind generation for a total of 4,155.5 MW.

3. KCP&L has no pending or final judgments or decisions against it from state or federal regulatory agencies or courts which involve customer service occurring within the three (3) years immediately preceding the filing of this Application.

4. KCP&L has no overdue Commission annual reports or assessment fees.

5. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to the undersigned counsel and:

Timothy M. Rush
Director Regulatory Affairs
Kansas City Power & Light Company
1201 Walnut – 13th Floor
Kansas City, Missouri 64106
Phone: (816) 556-2344
Fax: (816) 556-2110
E-mail: Tim.Rush@kcpl.com

Michael W. Cline
Treasurer
Kansas City Power & Light Company
1201 Walnut – 20th Floor
Kansas City, Missouri 64106
Phone: (816) 556-2622
Fax: (816) 556-2992
E-mail: Michael.Cline@kcpl.com

Request for Commission Approval

6. KCP&L requests authority, separate from the blanket financing authority granted in Case No. EF-2008-0214, to issue up to $196.5 million in aggregate principal amount of first mortgage bonds to the municipal bond insurers of the City of Burlington, Kansas, Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2005, 2007A and 2007B, if and as required by the terms of the municipal bond insurance agreements to secure KCP&L's reimbursement obligations to such insurers.

Background Information

7. In Case No. EF-2005-0387, the Commission authorized KCP&L to guarantee all or a portion of outstanding and previously issued City of Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) ("EIRR Bonds") Series 1998A, 1998B, 1998C and 1998D with a municipal bond insurance policy, to extend the maturity of the EIRR Bonds, and take all other actions necessary for the issuance and maintenance of such municipal bond insurance policy.

8. The $50 million principal amount of Series 1998C EIRR Bonds were refunded in 2005 as Series 2005 EIRR Bonds, which pursuant to the Commission's authorization had an extended maturity date and were insured by XL Capital Assurance Inc. ("XLCA") through a municipal bond insurance policy (the "XLCA Policy"). A copy of the XLCA Policy is attached as Appendix A.

9. The $146.4 million principal amount of EIRR Bonds Series 1998A, 1998B and 1998D were refunded in 2007 as Series 2007A and 2007B EIRR Bonds, which pursuant to the Commission's authorization had an extended maturity date and were insured by Financial Guaranty Insurance Company ("FGIC") through a municipal bond insurance policy (the "FGIC Policy"). A copy of the FGIC Policy is attached as Appendix B.

10. KCP&L is obligated to pay the principal, interest and premium (if any) on the Series 2005 EIRR Bonds through a lease-sublease arrangement with the City of Burlington, Kansas. In contrast to other EIRR bonds, KCP&L's obligations under the Series 2005 EIRR Bonds are not secured by first mortgage bonds. The XLCA Policy insures payment of principal and interest on the Series 2005 bonds. KCP&L has agreed to repay XLCA for any amounts that XLCA is required to pay under the XLCA Policy. This agreement does not increase KCP&L's

obligations, as it is obligated to pay principal and interest under the lease-sublease arrangement. As KCP&L's obligations are not secured by first mortgage bonds, the XLCA Policy contains limits on KCP&L's ability to issue first mortgage bonds. Specifically, the XLCA Policy provides in Article II Section 202:

> (e) Collateral**.** In the event the Company issues First Mortgage Bonds subsequent to the issuance of the Policy for a purpose other than refunding outstanding First Mortgage Bonds, the Company will issue and deliver to XLCA, as security of the Company's obligations hereunder, First Mortgage Bonds equal in principal amount of the Bonds then outstanding and maturing on the same dates and in the same principal amounts, and bearing interest at the same rates, as such Bonds; provided, however, that the obligation of the Company to make any payment of the principal of or any premium or interest on such First Mortgage Bonds shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that that the time any such payment shall be due, the then due principal of and any premium or interest on the Bonds shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged, excluding, however, amounts paid by XLCA under the Policy.
>
> (f) Negative Pledge**.** Notwithstanding Section 2.02(e), from and after the Negative Pledge Date, the Company may issue, assume or guarantee Debt, or permit to exist Debt, secured by the lien of the Company Indenture which would otherwise be subject to the restrictions of Section 2.02(e) up to an aggregate principal amount that, together with the principal amount of all other Debt of the Company secured by the lien of the Company Indenture, does not at the time exceed 10% of Total Capitalization; *provided, however*, that the Company may issue, assume or guarantee, or permit to exist, any Debt secured by the lien of the Company Indenture, in excess of such amount if concurrently therewith secures its reimbursement obligations hereunder equally and ratably with such Debt pursuant to Section 2.02(e).

11. As with the Series 2005 EIRR Bonds, KCP&L is obligated to pay the principal, interest and premium (if any) on the Series 2007A and Series 2007B EIRR Bonds through a lease-sublease arrangement with the City of Burlington, Kansas, and such obligations are not secured by first mortgage bonds. The FGIC Policy insures payment of principal and interest on the Series 2007A and B bonds and, similar to the XLCA Policy, it contains limits on KCP&L's ability to issue first mortgage bonds. The FGIC Policy requires KCP&L to repay FGIC for any amounts that FGIC pays under the FGIC Policy; this agreement does not increase KCP&L's

obligations as KCP&L is already obligated to pay principal and interest under the lease-sublease arrangement. Specifically, the FGIC Policy provides in Article III Section 303:

> Limitation on Liens (xv) Liens which would otherwise not be permitted by clauses (i) through (xvi) Securing additional Indebtedness of the Company or a Significant Subsidiary; provided that after giving effect thereto the aggregate unpaid principal amount of Indebtedness (including Capitalized Lease Obligations) of the Company (including prepayment premiums and penalties) secured by Liens permitted by this clause (xvii) shall not exceed 10% of Total Capitalization.
>
> Provided, however, that if subsequent to the date hereof, the Company issues debt secured by Liens (other than those permitted in (i) through (xvii) above), the Company shall issue and deliver to the Bond Insurer, as security for the Company's obligations hereunder, First Mortgage Bonds or similar security equal in principal amount to the principal amount of the Bonds then outstanding and maturing on the same dates and bearing interest at the same rates, as the Bonds; provided however, that the obligation of the Company to make any payment of the principal of or any premium or interest on such First Mortgage Bonds shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of any premium or interest on the Bonds shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged, excluding, however, amounts paid by the Bond Insurer under the policy.

12. Thus, in the event KCP&L issues first mortgage bonds or other secured debt not permitted by the XLCA or FGIC Policies and therefore exceeds the agreed upon thresholds, KCP&L is obligated to issue and deliver to FGIC and XLCA first mortgage bonds or similar security equal in principal amount to the principal amount of the Series 2005 and Series 2007A and 2007B bonds then outstanding, having the same maturing dates and bearing interest at the same rates as the Series 2005 and Series 2007A and B bonds.

Discussion

13. KCP&L is in the process of executing its Comprehensive Energy Plan, which includes the construction of environmental improvements and Iatan 2. These construction projects have required KCP&L to issue significant amounts of long-term debt in the past few years, and will require KCP&L to issue additional long-term debt through 2010 to finance

construction expenditures. KCP&L has previously received authorization (most recently in Case No. EF-2008-0214) to issue secured and unsecured long-term debt to finance the Comprehensive Energy Plan projects and other utility requirements. Historically, KCP&L has not found the cost or market access / liquidity benefits of issuing secured debt to be sufficiently compelling to warrant pledging the company's assets; accordingly, KCP&L has issued only unsecured long-term debt pursuant to the Commission's financing authorization. However, continuing financial market disruptions in recent months have caused the cost / benefit conclusions regarding issuing secured debt compared to unsecured debt to shift significantly for many utility and power company issuers compared to at least the last 10 years. This, in turn, has prompted a number of other utilities to issue secured long-term debt, rather than unsecured long-term debt in recent months. KCP&L also faces the potential of issuing secured long-term debt if it cannot issue unsecured debt at economic prices.

14. If KCP&L were to determine that issuing secured long-term debt were the preferred option, it would expect to issue such debt in an amount that would cause the secured debt thresholds in the XLCA and FGIC Policies to be exceeded; accordingly, it would be required, pursuant to the XLCA and FGIC Policies, to issue first mortgage bonds to those insurers. The issuance of first mortgage bonds to these insurers would not increase its obligations under either the EIRR Bonds or the Policies; rather, the first mortgage bonds would provide additional security for these existing obligations.

15. The proposed encumbrance would not be detrimental to the public interest, and in fact would be beneficial to the public interest, because the public health, safety and welfare will be served by the ability of KCP&L to have flexibility when issuing long-term debt on the most

favorable terms available. Granting the authority requested herein will not cause any adverse impact on customer services or rates.

16. The proposed encumbrance is not an issuance of new debt, but it will secure the bond insurers for debt that is already issued and outstanding and therefore will have no impact on KCP&L's balance sheet or income statement.

17. The proposed encumbrance would not have any impact on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the KCP&L is located and would not result in a change of the present ownership of KCP&L's properties nor would it result in a change in the present location of the affected utility assets.

Timing

18. The financial markets are very volatile, and as a result the timing of potential KCP&L long-term debt issuances is highly uncertain. Opportunities to issue long-term debt on attractive terms may quickly arise and as quickly disappear. To preserve maximum flexibility, it is in the best interest of KCP&L and its customers for KCP&L to be positioned as soon as possible to be able to issue secured debt. KCP&L thus seeks the requested Commission approval within 35 days of submission of this Application, or by February 27, 2009 to position KCP&L to issue secured long-term debt as soon as KCP&L's audited financial statements are released in its Form 10-K in late February. KCP&L is generally able to issue long-term debt only between the filing dates of its SEC periodic reports and the end of the quarter. Thus, KCP&L would be able to issue long-term debt in March, and then again in May and June, August and September, etc. While market conditions will determine whether KCP&L will issue long-term debt at all in March (including the amount and whether the debt will be secured or unsecured), Commission

approval by February 27, 2009 would be in the best interest of KCP&L and its customers in providing maximum financing flexibility commencing in March 2009.

WHEREFORE, KCP&L respectfully requests that the Commission issue its order:

A. Authorizing KCP&L to issue up to $196.5 million of first mortgage bonds to XLCA and FGIC, thus creating a lien or encumbrance on KCP&L's properties to secure KCP&L's existing obligations under the EIRR Bonds and the XLCA and FGIC Policies; and

B. Granting such other relief as may be deemed necessary and appropriate which is not inconsistent with this pleading.

Respectfully submitted,

/s/ Victoria Schatz

Curtis D. Blanc (Mo. Bar No. 58052)
Victoria Schatz (Mo. Bar No. 44208)
Kansas City Power & Light Company
1201 Walnut – 20th Floor
Kansas City, Missouri 64106
Phone: (816) 556-2483
Fax: (819) 556-2787
Email: Curtis.Blanc@kcpl.com

ATTORNEYS FOR KANSAS CITY POWER & LIGHT COMPANY

Dated: January 23, 2009

AFFIDAVIT

State of Missouri)
) ss
County of Jackson)

I, Michael W. Cline, having been duly sworn upon my oath, state that I am the Treasurer of Kansas City Power & Light Company ("KCP&L"), that I am duly authorized to make this affidavit on behalf of KCP&L, and that the matters and things stated in the foregoing application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Michael W. Cline

Subscribed and sworn before me this 23rd day of January 2009.

Notary Public

"NOTARY SEAL"
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 23rd day of January, 2009, to all counsel of record.

/s/ Victoria Schatz
Victoria Schatz

APPENDIX A

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Burlington, Kansas

Policy No: CA02355A

BONDS: $50,000,000 Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2005

Effective Date: September 1, 2005

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. New York time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XCLA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

Name: William J. Rizzo	Name: Philip P. Henson
Title: Associate General Counsel	Title: Managing Director

SPECIMEN

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

ENDORSEMENT

Issuer: City of Burlington, Kansas

Policy No: CA02355A

Bonds: $50,000,000 Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2005

Effective Date: September 1, 2005

Attached to Policy No. CA02355A (the "Policy") issued by XL Capital Assurance Inc. ("XLCA") to the Trustee referred to in the Policy with respect to the Bonds designated above (the "Bonds").

Notwithstanding the terms and conditions contained in the Policy, it is further understood that in the event all or a portion of the Bonds become subject to mandatory redemption pursuant to Section 3.02 of the Indenture in the circumstances specified under the caption "Mandatory Redemption on Determination of Taxability" in paragraph 8 of the form of Bond attached as Exhibit A to the Indenture, the principal of and interest on such Bonds due upon any such redemption shall be deemed Due for Payment within the meaning of the Policy. As used in this Endorsement, the term "Indenture" means the Indenture of Trust, dated as of September 1, 2005, between the Issuer designated above and The Bank of New York, a New York banking corporation, as Trustee.

This endorsement forms a part of the Policy to which it is attached, effective on the inception date of the Policy.

IN WITNESS WHEREOF, XLCA has caused this endorsement to be executed and attested on its behalf by its duly authorized officers.

Name: William J. Rizzo
Title: Associate General Counsel

Name: Philip P. Henson
Title: Managing Director

[Execution Copy]

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated as of September 1, 2005, is entered into by and between XL CAPITAL ASSURANCE INC., a New York stock insurance company ("***XLCA***"), KANSAS CITY POWER & LIGHT COMPANY, a corporation duly organized under the laws of the State of Missouri (the "***Company***"), and THE BANK OF NEW YORK, a New York State banking corporation (the "***Trustee***").

WHEREAS, pursuant to an Indenture of Trust, dated as of September 1, 2005 (the "***Bond Indenture***"), between the City of Burlington, Kansas (the "***Issuer***") and the Trustee, the Issuer proposes to issue its Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2005 in the aggregate principal amount of $50,000,000 (the "***Bonds***") ; and

WHEREAS, pursuant to an Amended and Restated Equipment Lease Agreement, dated as of September 1, 2005 (the "***Lease***"), between the Issuer and the Company, the Company will lease its interest in certain air pollution control facilities (the "***Project***") to the Issuer, and pursuant to an Amended and Restated Equipment Sublease Agreement, dated as of September 1, 2005 (the "***Sublease***"), the Issuer will sublease the Project to the Company. The Sublease requires the Company to make subrental payments to the Trustee in such amounts and at times sufficient to pay when due the principal and purchase price of and interest and any premium on the Bonds; and

WHEREAS, the Bonds have been secured by an assignment and pledge by the Issuer of its right, title and interest in the trust estate; and

WHEREAS, the Company has requested XLCA to issue a municipal bond insurance policy with respect to the Bonds (the "***Policy***") which insures the payment of principal of and interest on the Bonds from the date hereof on the terms specified therein; and

WHEREAS, as a condition to the issuance of the Policy, XLCA requires that certain notices and other information be delivered from time to time by the Trustee and the Company and that certain rights be available to it in addition to those under the Indenture; and

WHEREAS, the Company and the Trustee understand that XLCA expressly requires the delivery of this Agreement as part of the consideration for the delivery by XLCA of the Policy;

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution and delivery of the Policy, the Company, the Trustee and XLCA agree as follows:

ARTICLE I
DEFINITIONS; PREMIUM AND EXPENSES

SECTION 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex A hereto.

SECTION 1.02. Premium. In consideration of XLCA agreeing to issue the Policy, the Company hereby agrees to pay to XLCA on the date of issuance of the Policy, a premium equal to 75 basis points (0.75%), flat, of the total debt service to accrue on the Bonds through the final maturity date of the Bonds.

SECTION 1.03.Certain Other Expenses. The Company will pay all reasonable fees and disbursements of XLCA's and the Trustee's counsel related to any modification of this Agreement requested by the Company.

ARTICLE II
REIMBURSEMENT OBLIGATION; COVENANTS OF THE COMPANY

SECTION2.01. Reimbursement Obligation.

(a) The Company agrees to reimburse XLCA, from any available funds, immediately and unconditionally upon demand for all amounts advanced by XLCA under the Policy. To the extent that any such payment due hereunder is not paid when due, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Company also agrees to reimburse XLCA immediately and unconditionally upon demand for all reasonable expenses incurred by XLCA in connection with the enforcement by XLCA of the Company's obligations under this Agreement, together with interest accruing at the Effective Interest Rate on any unpaid expenses from and including the date which is 30 days from the date a statement for such expenses is received by the Company to the date of payment. It is understood and agreed that the fees and expenses of any nationally recognized law firm shall be deemed reasonable for purposes of this paragraph.

SECTION 2.02. Covenants.

(a) ***Covenants in the Bond Documents.*** The Company agrees to comply with its covenants set forth in the Bond Documents and such covenants are hereby incorporated by reference herein.

(b) ***Regulated Utility Company.*** The Company hereby agrees that, in the event of any Reorganization, unless otherwise consented to by XLCA, the obligations of the Company under, and in respect of, this Agreement, the Bonds, the Lease, the Sublease, the Company Indenture

and the First Mortgage Bonds shall be assumed by, and shall become direct and primary obligations of, a Regulated Utility Company such that at all times the obligor is a Regulated Utility Company.

(c) ***Indebtedness to Total Capitalization.*** The Company shall at all times cause the ratio of (i) Indebtedness of the Company and its Consolidated Subsidiaries to (ii) Total Capitalization to be less than or equal to 0.68 to 1.0.

(d) ***Issuance Test Covenant.*** The Company will not issue any additional First Mortgage Bonds without the consent of XLCA if at the time of the calculation after giving effect to such issuance:

(i) The long term rating for such First Mortgage Bonds by S&P or Moody's will be at or below A- (negative outlook) or (negative credit watch) or A3 (negative outlook) or (negative credit watch), respectively, and the proposed issuance would cause the proportion of First Mortgage Bonds to Total Indebtedness to exceed 50%.

(ii) The long term rating for such First Mortgage Bonds by S&P or Moody's will be at or above A- (stable outlook) or A3 (stable outlook), respectively, and the proposed issuance would cause the proportion of First Mortgage Bonds to Total Indebtedness to exceed 75%.

Notwithstanding the foregoing, should the Company issue First Mortgage Bonds in excess of 50% of Total Indebtedness (such excess, ***"Excess First Mortgage Bonds"***) and should the long term rating assigned to First Mortgage Bonds subsequently be reduced by S&P or Moody's to or below A- (negative outlook) or (negative credit watch) or A3 (negative outlook) or (negative credit watch), respectively, the Company shall be under no obligation to replace its Excess First Mortgage Bonds with unsecured debt, but the consent of XLCA shall be required prior to the issuance of any additional First Mortgage Bonds.

(e) ***Collateral.*** In the event the Company issues First Mortgage Bonds subsequent to the issuance of the Policy for a purpose other than refunding outstanding First Mortgage Bonds, the Company will issue and deliver to XLCA, as security for the Company's obligations hereunder, First Mortgage Bonds equal in principal amount to the principal amount of the Bonds then outstanding and maturing on the same dates and in the same principal amounts, and bearing interest at the same rates, as such Bonds; provided, however, that the obligation of the Company to make any payment of the principal of or any premium or interest on such First Mortgage Bonds shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of and any premium or interest on the Bonds shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged, excluding, however, amounts paid by XCLA under the Policy.

(f) ***Negative Pledge***. Notwithstanding Section 2.02(e), from and after the Negative Pledge Date, the Company may issue, assume or guarantee Debt, or permit to exist Debt, secured by the lien of the Company Indenture which would otherwise be subject to the restrictions of Section 2.02(e) up to an aggregate principal amount that, together with the principal amount of all other Debt of the Company secured by the lien of the Company Indenture, does not at the time exceed 10% of Total Capitalization; *provided, however*, that the Company may issue, assume or guarantee, or permit to exist, any Debt secured by the lien of the Company Indenture, in excess of such amount if concurrently therewith secures its reimbursement obligations hereunder equally and ratably with such Debt pursuant to Section 2.02(e).

SECTION 2.03Unconditional Obligation. The obligations of the Company hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Bonds or any of the Bond Documents;

(b) any exchange, release or nonperfection of any security interest in property securing the Bonds or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Company or the Issuer under the Bond Documents or otherwise with respect to the Bonds; and

(d) whether or not the Company's obligations under the Bond Documents, or the obligations represented by the Bonds, are contingent or matured, disputed or undisputed, liquidated or unliquidated.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Representations and Warranties. The Company hereby represents and warrants to XLCA that:

(a) The Company is a corporation duly incorporated under the laws of the State of Missouri, is duly qualified to do business in the State and has corporate power to enter into this Agreement, the Lease, the Sublease and the Supplemental Indenture. By proper corporate action its officers have been duly authorized to execute and deliver this Agreement, the Lease, the Sublease and the Supplemental Indenture.

(b) The execution and delivery of this agreement, the Lease, the Sublease and the Supplemental Indenture and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the Company's

Restated Articles of Consolidation or any bond, debenture, note or other evidence of indebtedness of the Company, or any contract, agreement or lease to which the Company is a party or by which it is bound.

(c) This Agreement, the Lease, the Sublease, the Company Indenture and the First Mortgage Bonds have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms, except to the extent that such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application affecting the rights and remedies of creditors and secured parties.

(d) There is no pending, or to the knowledge of the Company, threatened litigation against the Company that could, if adversely concluded, materially adversely affect the validity of this Agreement, the Lease, the Sublease, the Company Indenture or the First Mortgage Bonds issued pursuant thereto, or the ability of the Company to comply with its obligations under any of such documents.

(e) No default under the Lease or the Sublease has occurred and is continuing and no condition exists which, with the giving of notice or the lapse of time, or both, would constitute an event of default or a default under any agreement or instrument to which the Company is a party or by which the Company is or may be bound or to which any of the property or assets of the Company is or may be subject which would impair in any material respect its ability to carry out its obligations under this Agreement, the Lease, the Sublease, the Company Indenture, the First Mortgage Bonds or the transactions contemplated hereby or thereby.

(f) No default under the Company Indenture has occurred and is continuing.

ARTICLE IV
EVENTS OF DEFAULT; REMEDIES

SECTION 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Company shall fail to pay to XLCA any amount payable under Sections 1.02 and 2.01 hereof and such failure shall have continued for a period in excess of ten days (in the case of amounts payable under Sections 1.02 or 2.01(a) hereof) after receipt by the Company of written notice thereof or 60 days from the date a statement for such expenses is received by the Company (in the case of amounts payable under Section 2.01(b) hereof);

(b) The Company shall fail to observe the covenants identified in Section 2.02 hereof; *provided, however,* that no Event of Default shall be declared with respect to a failure to observe

the covenant identified in Section 2.02(c) and Section 2.02(e) until the Company shall have had 30 days to correct said default or caused said default to be corrected within such period.

(c) Any material representation or warranty made by the Company hereunder or any material statement in the application for the Policy or any material report, certificate, financial statement or other instrument provided in connection with the Policy or herewith shall have been materially false at the time when made;

(d) Except as otherwise provided in this Section 3.01, the Company shall fail to perform any of its other obligations hereunder, provided that such failure continues for more than thirty (30) days after receipt by the Company of written notice of such failure to perform;

(e) The Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property; and such proceeding or petition shall continue undismissed for ninety (90) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for ninety (90) days.

SECTION 4.02.Remedies. If an Event of Default shall occur and be continuing, then XLCA may take whatever action at law or in equity may appear necessary or desirable, including, without limitation, legal action for the specific performance of any covenant made by the Company to collect the amounts then due and thereafter to become due under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement. All rights and remedies of XLCA under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more other remedies available under this Agreement or now or hereafter existing at law or in equity.

ARTICLE V
MISCELLANEOUS

SECTION 5.01. Certain Rights of XLCA. While the Policy is in effect:

(a) the Company shall furnish to XLCA (to the attention of the Surveillance Department) as soon as practicable after the filing thereof, a copy of the 10-Ks and 10-Qs of the Company and a copy of any audited financial statements and annual reports of the Company; *provided* that the statements and reports (other than annual reports) required to be furnished by the Company pursuant to this clause shall be deemed furnished for such purpose upon becoming publicly available on the SEC's EDGAR web page;

(b) the Company will permit XLCA to discuss the affairs, finances and accounts of the Company with appropriate officers of the Company;

(c) the Trustee or the Company, as appropriate, shall furnish to XLCA (to the attention of the Surveillance Department) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Bond Documents relating to the security for the Bonds;

(d) the Trustee or the Company, as appropriate, shall notify XLCA (to the attention of the General Counsel Office) of any failure of the Company to provide relevant notices, certificates or other documents or information as required under the Bond Documents;

(e) at the written request of XLCA due to any material breach by the Trustee of the trust and responsibilities set forth in the Indenture, which breach is not cured by the Trustee within ten (10) Business Days of written notice of such breach from XLCA to the Trustee, the Trustee (subject to subsection (f) below) shall resign from its responsibilities under the Indenture; and

(f) XLCA shall receive prior written notice of any Trustee resignation and, notwithstanding any provision of the Indenture, no removal, resignation or termination of the Trustee, or any part of its responsibilities under the Indenture, shall take effect until a successor, acceptable to XLCA, shall be appointed and such successor shall have executed a document satisfactory to XLCA assenting to the obligations of the Trustee set forth herein. In the event that a successor Trustee cannot be identified within 60 days from the date the Trustee notifies the XLCA and the Company of its resignation, the Trustee will have the right to petition a court of competent jurisdiction for the appointment of a successor Trustee.

SECTION 5.02. Indemnification.

(a) The Company shall indemnify and hold XLCA harmless against any loss, fees, costs, liability or expense incurred without gross negligence or willful misconduct on the part of XLCA arising out of or in connection with the delivery of the Policy and its performance thereunder, including the costs and expenses of defense against any such claim of liability. The

indemnification set forth herein shall survive the cancellation or expiration of the Policy and/or removal of XLCA.

(b) The Company shall indemnify and hold the Trustee harmless against any loss, fees, costs, liability or expense incurred without gross negligence or willful misconduct on the part of the Trustee arising out of or in connection with this Agreement, including the costs and expenses of defense against any such claim of liability. The indemnification set forth herein shall survive the cancellation or expiration of the Policy, the termination of this Agreement or the resignation or removal of the Trustee under the Indenture.

SECTION 5.03.Parties Interested Herein. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Company, the Trustee and XLCA, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Agreement contained by and on behalf of the Company and XLCA shall be for the sole and exclusive benefit of the Company, the Trustee and XLCA.

SECTION 5.04. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Company, the Trustee and XLCA. The Company hereby agrees that upon the written request of the Company, XLCA may make or consent to issue any substitute for the Policy to cure any ambiguity or formal defect or omission in the Policy which does not materially change the terms of the Policy nor adversely affect the rights of the owners of the Bonds, and this Agreement shall apply to such substituted Policy. XLCA shall deliver the original of such substituted Policy to the Trustee and agrees to deliver to the Company and to the company or companies, if any, rating the Bonds, a copy of such substituted Policy.

SECTION 5.05. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Company, the Trustee and XLCA and their respective successors and assigns; provided, that neither party hereto may transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the other party hereto, which shall not be refused unreasonably. Notwithstanding the foregoing provisions of this Section 5.05(a), XLCA shall have the right the reinsure any portion of its exposure under the Policy to third party reinsurers.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 5.06.Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each

of which fully-executed counterparts shall be deemed to be an original instrument, and all of which shall constitute but one and the same instrument. Complete counterparts of this Agreement shall be lodged with the Company, the Trustee and XLCA.

SECTION 5.07. Term. This Agreement shall expire upon the later of (i) the expiration, or cancellation by the Company, of the Policy in accordance with the terms thereof, or (ii) the repayment in full to XLCA and the Trustee of any amounts due and owing to them by the Company under this Agreement or the Policy. The Company may cancel the Policy at any time *provided* that the Premium shall not be refundable for any reason.

SECTION 5.08. Exercise of Rights. No failure or delay on the part of XLCA to exercise any right, power or privilege under this Agreement and no course of dealing between XLCA and the Company or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which XLCA would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

SECTION 5.09.Waiver. The Company waives any defense that this Agreement was executed subsequent to the date of the Commitment, admitting and covenanting that such Commitment was delivered pursuant to the Company's request and in reliance on the Company's promise to execute this Agreement.

SECTION 5.10. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings of the parties hereto with respect to the subject matter hereof, including but not limited to the Commitment.

SECTION 5.11.Notices. All written notices to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telecopier machine owned or operated by a party hereto, when sent and confirmed in writing by such machine as having been received, addressed as specified below or at such other address as any of the parties hereto may from time to time specify in writing to the other:

If to the Company:

Kansas City Power & Light Company
1201 Walnut
Kansas City, Missouri 64106
Attention: Treasurer

Facsimile: (816) 556-2992

If to the Trustee:

The Bank of New York
385 Rifle Camp Road
3rd Floor
West Paterson, New Jersey 07424
Attention: Corporate Trust Administration
Facsimile: _____

If to XLCA:

XL Capital Assurance Inc.
1221 Avenue of the Americas, 31st Floor
New York, New York 10020
Attention: Richard Heberton, Surveillance Department
Facsimile: (212) 478-3587

and

Attention: Susan Comparato, Esq., General Counsel
Facsimile: (212) 478-3446

SECTION 5.12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

SECTION 5.13. Concerning the Trustee.

(a) All of the rights, privileges, protections and immunities afforded to the Trustee under the Bond Documents are hereby incorporated herein as if set forth herein in full.

(b) The recitals contained herein shall be taken as the statements of the Company and XLCA, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Agreement or the Policy.

[signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By: Michael W Cline
Name: Michael W. Cline
Title: Treasurer

THE BANK OF NEW YORK, as Trustee

By: _____
Name:
Title:

XL CAPITAL ASSURANCE INC.

By: _____
Name:
Title:

711082

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By:_____
Name: Michael W. Cline
Title: Treasurer

THE BANK OF NEW YORK, as Trustee

By:_____
Name: (Alex) Tae-Ho Chang
Title: Assistant Vice President

XL CAPITAL ASSURANCE INC.

By:_____
Name:
Title:

711082

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By:_____
Name: Michael W. Cline
Title: Treasurer

THE BANK OF NEW YORK, as Trustee

By:_____
Name:
Title:

XL CAPITAL ASSURANCE INC.

By:_____
Name: Philip P. Henson
Title: Managing Director

711082

ANNEX A

DEFINITIONS

For all purposes of this Agreement, the terms "***XLCA***', "***Company***", "***Trustee***", "***Bond Indenture***", "***Issuer***", "***Bonds***", "***Lease***", "***Sublease***" and "***Policy***" have the meanings set forth in the preamble and the recitals hereof and except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

"***Agreement***" means this Insurance Agreement.

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

"***Bond Documents***" means, collectively, the Indenture, the Lease, the Sublease, the Company Indenture, and any other documents and instruments delivered in connection with the issuance of the Bonds.

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

"Capitalized Lease Obligation" means, as to any Person, the amount of the obligations of such Person under Capital Leases which would be shown as a liability on a balance sheet of such Person in accordance with GAAP.

"Commitment" means the commitment letter, dated July [8], 2005, from XLCA to the Company, committing to issue the Policy in respect of the Bonds, subject to the terms and conditions thereof.

"***Company Indenture***" means, initially, the General Mortgage Indenture and Deed of Trust, dated as of December 1, 1986 between the Company and UMB Bank and Trust, N.A. (formerly, United Missouri Bank of Kansas City, N.A.), as trustee, as amended and supplemented from time to time, or, in the event the lien of such General Mortgage Indenture and Deed of Trust is discharged, then any other general mortgage indenture hereafter entered into by the Company under which the Company may issue evidences of Indebtedness secured by a lien on substantially all of the assets of the Company.

"Consolidated Subsidiaries" means, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

"Debt" shall mean any outstanding debt for money borrowed.

"***Effective Interest Rate***" means the "prime rate" announced by Citibank, N.A., from time to time, plus 2%.

"***Event of Default***" means any of the events of default set forth in Section 4.01 of this Agreement.

"***First Mortgage Bonds***" means bonds or other evidences of indebtedness issued under the Company Indenture.

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

"Guaranty Obligations" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guarantying or having the economic effect of guarantying any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or their obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligees against loss in respect thereof (in whole or in part), or (b) any lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person; provided, however, that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty Obligation is made or, if not stated or determinable, the maximum reasonable anticipated liability in respect thereof as determined by the guarantying Person in good faith.

"Indebtedness" means, as to any Person at a particular time, all of the following, without duplication, to the extent recourse may be had to the assets or properties of such Person in respect thereof:

(a) All obligations of such Person for borrowed money and all obligation of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) Any direct or contingent obligations of such Person in the aggregate in excess of $2,000,000 arising under letters of credit (including standby and commercial), banker's acceptances, bank guaranties, surety bonds and similar instruments;

(c) Net obligations of such Person under any Swap Contract in an amount equal to the Swap Termination Value thereof;

(d) All obligations of such Person to pay the deferred purchase price of property or services (except trade accounts payable arising, and accrued expenses incurred, in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such person or is limited in recourse;

(e) Capitalized Lease Obligations and Synthetic Lease Obligations of such Person;

(f) All Guaranty Obligations of such Person in respect of any other the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including Guaranty Obligations) shall not include any obligations of the Company with respect to subordinated, deferrable interest debt securities, and any related securities issued by a trust or other special purpose entity in connection therewith, as long as the maturity date of such debt is subsequent to the maturity date of the Bonds; *provided* that the amount of mandatory principal amortization or defeasance of such debt prior to the maturity date of the Bonds shall be included in the definition of Indebtedness (such obligations, "Trust Preferred Obligations"). The amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Person" means an individual, partnership, limited liability company, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"***Premium***" has the meaning set forth in Section 1.02.

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

"Regulated Utility Company" means an entity engaged in the retail sale and distribution of electricity, which sale and distribution is subject to rate regulation by one or more state public utility commissions.

"Negative Pledge Date" means the date as of which the principal amount of Outstanding (as defined in the Company Indenture) First Mortgage Bonds under the General Mortgage Indenture and Deed of Trust, dated as of December 1, 1986 between the Company and UMB Bank and Trust, N.A. (formerly, United Missouri Bank of Kansas City, N.A.), as trustee, first represents less than 5% of Total Capitalization.

"Reorganization" means any reorganization of the Company and its affiliates or any consolidation, merger or transfer of a substantial portion of the assets of the Company as a result of which the obligor under or in respect of this Agreement, the Lease, the Sublease, the Company Indenture or the First Mortgage Bonds pledged to secure the Bonds would cease to be a Regulated Utility Company.

"Shareholders' Equity" means, as of any date of determination, shareholders' equity of the Company on a consolidated basis as of that date determined in accordance with GAAP.

"Subsidiary" means, with respect to any Person, (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries; (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled; or (c) any other Person the operations and/or financial results of which are required to be consolidated with those of such first Person in accordance with GAAP.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or

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

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts, in each case as calculated by the Company in order to ensure compliance with Financial Accounting Standards Board Statement No. 133.

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

"Total Capitalization" means Indebtedness of the Company and its Consolidated Subsidiaries plus the sum of (i) Shareholder's Equity and (ii) to the extent not otherwise included in Indebtedness or Shareholder's Equity, preferred and preference stock and securities of the Company and its Subsidiaries included in a consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP; *provided, however*, that with respect to any derivative entered into in the ordinary course of business to hedge bona fide transactions and business risks and not for the purpose of speculation, Shareholder's Equity shall be calculated without giving effect to the application of Financial Accounting Standards Board Statement No. 133 or Financial Accounting Standards Board Statement No. 149.

"Total Indebtedness" means short term debt plus the current maturities of long term debt plus long term debt.

APPENDIX B

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

Issuer: City of Burlington, Kansas

Policy Number: 07010385

Control Number: 0010001

Bonds: $146,500,000.00 in aggregate principal amount of Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project)

Premium: $1,200,095.00 on the date hereof and thereafter, on the dates and in the amounts set forth in the Commitment Letter dated September 7, 2007 between Financial Guaranty and Kansas City Power & Light Company

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: September 19, 2007

Authorized Representative

U.S. Bank Trust National Association acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number: 07010385 **Control Number: 0010001**

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Authorized Representative

Effective Date: September 19, 2007

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: 07010385 **Control Number:** 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Bondholder" shall not include the Kansas City Power & Light Company.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: September 19, 2007

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number: 07010385 **Control Number:** 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall also include, when referring to the principal of a Bond, any date on which the same shall have been duly called for mandatory redemption as a result of the interest on such Bond having been determined, as provided in the Bond documentation, to have become subject to federal income taxation.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: September 19, 2007

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

Execution Copy

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated September 19, 2007 (the "***Agreement***"), is entered into by and between FINANCIAL GUARANTY INSURANCE COMPANY, a New York stock insurance company (including its successors and assigns, "***FGIC***"), KANSAS CITY POWER & LIGHT COMPANY, a corporation duly organized under the laws of the State of Missouri (including its successors and assigns, the "***Company***").

WHEREAS, pursuant to an Indenture, dated as of September 1, 2007 (the "Indenture"), by and between the City of Burlington, Kansas (the "Issuer") and The Bank of New York, as trustee (the "Trustee"), the Issuer has issued $146,500,000 in aggregate principal amount of its Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2007A and Series 2007B (the "Bonds"); and

WHEREAS, the Company and the Issuer have entered into an Amended and Restated Sublease Agreement dated as of September 1, 2007 (the "Sublease"), pursuant to which the Company is obligated to make payments sufficient to pay, among other items, debt service on the Bonds; and

WHEREAS, the Company and the Issuer have entered into an Amended and Restated Lease Agreement dated as of September 1, 2007 (the "Lease"), pursuant to which the Company is obligated to make payments sufficient to pay, among other items, debt service on the Bonds; and

WHEREAS, Financial Guaranty has issued its Municipal Bond New Issue Insurance Policy (the "Policy") which insures the scheduled payments of principal of and interest on the Bonds and payment of principal of and interest on the Bonds upon a determination of taxability as specified in the Policy; and

WHEREAS, the Company understands that Financial Guaranty expressly requires the delivery of this Agreement as part of the consideration for the delivery by Financial Guaranty of the Policy;

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution and delivery of the Policy, the Company and FGIC agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex A hereto.

SECTION 1.02. Premium. In consideration of Financial Guaranty agreeing to issue the Policy hereunder, the Company hereby agrees to pay Financial Guaranty upon delivery of the Policy, a Premium, at the times and in the amount specified in the Commitment letter.

To the extent that any Future Premium Payment is not paid when due, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

ARTICLE II
REPRESENTATIONS, WARRANTIES, COVENANTS

SECTION 2.01. Representations and Warranties of the Company. In addition to the representations and warranties of the Company in the Indenture, which are hereby incorporated herein by reference for the benefit of FGIC, the Company represents and warrants as of the date hereof as follows:

(a) The Company is duly organized, validly existing and in good standing under the laws of Missouri and is duly qualified as a foreign corporation to do business in the State of Kansas. The Company has the power and authority to execute, deliver and perform its obligations under this Agreement

(b) The execution, delivery and performance of this Agreement, the Sublease and the Lease by the Company has been duly authorized by all necessary corporate action and do not require any additional approvals or consents or other action by or any notice to or filing with any Person except such as have been obtained and are in full force and effect.

(c) Neither the execution and delivery of this Agreement, the Sublease or the Lease by the Company nor the consummation of the transactions contemplated hereby and thereby conflicts with or results in a breach of the terms, conditions or provisions of any constitutional provision, law or administrative regulation of the State or the United States applicable to the Company or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Company is now a party or by which the Company or its assets are or may be bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, security interest or encumbrance whatsoever on any of the assets of the Company under the terms of any instrument or agreement except as provided in this Agreement, the Sublease or the Lease.

(d) No event has occurred and no condition exists that would constitute an Event of Default (as defined in the Indenture, referred to herein as an "***Indenture Default Event***") or that, with the passing of time or with the giving of notice or both would become such an Indenture Default Event.

(e) This Agreement the Sublease and the Lease have been duly executed by the Company and are the legal, valid and binding obligations of the Company, enforceable against the Company, in accordance with their terms, subject to the qualification that the enforceability of the obligations of the Company, may be limited by applicable bankruptcy, insolvency or

similar laws affecting creditors' rights generally or by equitable principles relating to enforceability.

(f) Except as disclosed in the Official Statement, dated September 10, 2007, delivered in connection with the issuance of the Bonds, (i) there is no action suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the knowledge of the Company, threatened against or affecting the Company that seeks to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the payments to be made pursuant to the Sublease, the Lease or the resolutions of the Company relating to this Agreement, the Sublease, the Lease or that contests or affects the powers of the Company to enter into or perform its obligations or consummate the transactions contemplated under any of the foregoing; and (ii) the Company is not in default with respect to any order or decree of any court or any order regulation or demand of any federal state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bonds, the Sublease, the Lease or the Indenture, or the financial condition, assets, properties or operation of the Company.

(g) The financial statements of the Company and its consolidated subsidiaries contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (collectively, the "Reports"), present fairly in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented therein, and have been prepared in conformity with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as other wise noted therein). Except as disclosed in the Company's Reports, there has been no material adverse change in the consolidated financial condition or results of operation of the Company and its subsidiaries since December 31, 2006.

ARTICLE III
COVENANTS

SECTION 3.01. Reorganization. The Company hereby agrees that, in the event of a Reorganization, unless otherwise consented to by Financial Guaranty, the obligations of the Company under, and in respect of, the Bonds, the Sublease, the Lease and this Agreement shall be assumed by, and shall become direct and primary obligations of, a Regulated Utility Company. The Company shall have delivered to Financial Guaranty a certificate of the president, any vice president or the treasurer and an opinion of counsel acceptable to Financial Guaranty each stating that such Reorganization complies with this Section 3.01.

SECTION 3.02. Assignment. The Company hereby agrees that, the Company shall not assign the Sublease, the Lease or this Agreement, or any of its duties or obligations hereunder without the prior written consent of FGIC.

SECTION 3.03. Limitation on Liens. The Company will not create, incur, or suffer to exist any Lien in, of or on the property of the Company, except:

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

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

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

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

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

(vi) Judgment Liens which secure payment of legal obligations not exceeding $25,000,000 and that are bonded, stayed on appeal or otherwise being appropriately contested in good faith.

(vii) Liens on property acquired by the Company after the date hereof, existing on such property at the time of acquisition thereof (and not created in anticipation thereof); provided that in any such case no such Lien shall extend to or cover any other property of the Company.

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

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

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

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

(x) Liens on (including Liens arising out of the transfer or sale of, or financings secured by) accounts receivable and/or contracts which will give rise to accounts receivable of the Company.

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

(xii) Liens on assets held by entities which are required to be included in the Company's consolidated financial statements solely as a result of the application of Financial Accounting Standards Board Interpretation No. 46R, as it may be amended or supplemented.

(xiii) Liens on cash and cash equivalent collateral securing Swap Contracts.

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

(xv) Liens which would otherwise not be permitted by clauses (i) through (xvi) securing additional Indebtedness of the Company or a Significant Subsidiary; provided that after giving effect thereto the aggregate unpaid principal amount of Indebtedness (including Capitalized Lease Obligations) of the Company (including prepayment premiums and penalties) secured by Liens permitted by this clause (xvii) shall not exceed 10% of Total Capitalization.

Provided, however, that if subsequent to the date hereof, the Company issues debt secured by Liens (other than those permitted in (i) through (xvii) above), the Company shall issue and deliver to the Bond Insurer, as security for the Company's obligations hereunder, First Mortgage Bonds or similar security equal in principal amount to the principal amount of the Bonds then outstanding and maturing on the same dates and bearing interest at the same rates, as the Bonds; provided however, that the obligation of the Company to make any payment of the principal of or any premium or interest on such First Mortgage Bonds shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of and any premium or interest on the Bonds shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged, excluding, however, amounts paid by the Bond Insurer under the policy.

ARTICLE IV

REIMBURSEMENT OBLIGATION; OTHER PAYMENTS

SECTION 4.01. Reimbursement Obligation.

(a) The Company agrees to reimburse FGIC, immediately and unconditionally upon demand, for all amounts advanced by FGIC under the Policy. To the extent that any such payment due hereunder is not paid when due, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Company also agrees to pay FGIC as follows:

(i) The Company shall pay or reimburse FGIC for any and all charges, fees, costs, and expenses that FGIC may reasonably pay or incur (including reasonable attorney's fees) in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder or under any other transaction document; (ii) the pursuit of any remedies hereunder, under any other transaction document, or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action hereunder or under any other transaction document; (iv) the violation by the

Company of any law, rule, or regulation or any judgment, order or decree applicable to it; (v) any advances or payments made by FGIC to cure defaults of the Company under the transaction documents; or (vi) any litigation or other dispute in connection with this Agreement, any other transaction document, or the transactions contemplated hereby or thereby, other than amounts resulting from the failure of FGIC to honor its payment obligations under the Policy or from FGIC's willful misconduct or gross negligence. FGIC reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of this Agreement or any other transaction document; and

(ii) interest on any and all amounts described in this clause (b) from the date which is five Business Days from the date a statement for such amounts is received by the Company until payment in full at the Effective Interest Rate.

(c) The obligations of the Company to FGIC shall survive discharge and termination of this Agreement.

SECTION 4.02. Indemnification.

(a) In addition to any other rights of indemnification that FGIC may have, the Company, for itself and its successors, agrees to indemnify and hold harmless FGIC, its officers, directors, employees and agents (each an "***Indemnified Party***") from and against any and all claims, damages, losses, liabilities, actions, suits, judgments, demands, reasonable costs or expenses (including without limitation, reasonable fees and expenses of attorneys and consultants and reasonable costs of investigations) by reason of: (i) any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in any Official Statement or in any supplement or amendment thereof, prepared with respect to the Bonds, or the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances under which they are or were made, not misleading; provided, however, that the Company shall not be required to indemnify FGIC for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the material inaccuracy of any information included or incorporated by reference in the Official Statement concerning FGIC or its affiliates under "The Policy and the Insurer" (the "***FGIC Information***"); (ii) to the extent not covered by clause (i) above, any willful or negligent act or omission of the Company in connection with the offering, issuance, sale or delivery of the Bonds (other than by reason of false or misleading information provided by FGIC) or (iii) the misfeasance or malfeasance of any director, officer, employee or agent of the Company.

(b) This indemnity provision shall survive the termination of this Agreement and shall survive until the statute of limitations has run on any causes of action that arise from one of the foregoing reasons and until all suits filed with the period of the statute of limitations shall have been finally concluded. Any Indemnified Party who proposes to assert the right to be indemnified under this Section 4.02 will promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against the Company under this Section 4.02, shall notify the Indemnifying Party of the commencement of such action suit or proceeding against such party in respect of which a claim for indemnification is to be made, enclosing a copy of all papers served. The Company (other

than the Company in a proceeding asserting a Policy Claim) shall be entitled to participate in and, to the extent that it shall wish, to assume the defense thereof, with counsel satisfactory to the Indemnified Party, and after notice from the Company to such indemnified party of its election so to assume the defense thereof, the Company shall not be liable to such indemnified party for any legal expenses other than reasonable cost of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action the defense of which is assumed by the Company in accordance with the terms of this subsection (b), but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of counsel by such indemnified party has been authorized by the Company, or unless there is a conflict of interest. The Company shall not under any circumstances be liable for any settlement of any action or claim effected without its prior written consent, other than a Policy Claim if settled in accordance with the provisions of Article VI hereof.

(c) Nothing in this Section 4.02 is intended to limit the obligations of the Company to pay its obligations hereunder and under the Related Documents.

SECTION 4.03. Unconditional Obligation. The obligations of the Company hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Bonds or the Related Documents;

(b) any exchange, release or nonperfection of any security interest in property securing the Bonds, the Related Documents or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Company under the Related Documents or otherwise with respect to the Bonds; and

(d) whether or not the Company's obligations under the Related Documents, or the obligations represented by the Bonds, are contingent or matured, disputed or undisputed, liquidated or unliquidated.

ARTICLE V
EVENTS OF DEFAULT; REMEDIES

SECTION 5.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Company shall fail to pay to FGIC any amount payable under Section 1.02 or Article IV hereof and such failure shall have continued for period in excess of ten (10) days after receipt by the Company of written notice thereof;

(b) Any representation or warranty made by the Company hereunder or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Policy or herewith shall have been materially false at the time when made; provided,

however, such misrepresentation or breached warranty shall not constitute an Event of Default if such misrepresentation or breached warranty is capable of being cured and is cured within 30 days after receipt by the Company of written notice of such event or, if such misrepresentation or breached warranty cannot reasonably be cured within such 30-day period, then within a longer period of time not to exceed 60 days if the Company diligently pursues such cure;

(c) Any Event of Default under the Indenture, the Agreement, the Sublease, the Lease or the Bonds has occurred;

(c) Except as otherwise provided in this Section 5.01, the Company shall fail to perform any of its other obligations under the Sublease, the Lease or this Agreement, provided that such failure continues for more than 30 days after receipt by the Company of written notice of such failure to perform; and

(d) The Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property; and such proceeding or petition shall continue undismissed, or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect, for more than 30 days.

SECTION 5.02. Remedies. If an Event of Default hereunder shall occur and be continuing it shall also be considered an Indenture Default Event. At such time, FGIC may declare all amounts owed by the Company to FGIC to be immediately due and payable, and take whatever action at law or in equity may appear necessary or desirable, including, without limitation, legal action for the specific performance of any covenant made by the Company herein and to collect the amounts then due and thereafter to become due under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement or the Sublease or the Lease. All rights and remedies of FGIC under this Section 5.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more other remedies available under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement, the Bonds or the Related Documents or any other financing document, or otherwise, upon the happening of any event set forth in Section 5.01, shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be

exercised from time to time and as often as may be deemed expedient. In order to entitle FGIC to exercise any remedy reserved to FGIC in this Article, it shall not be necessary to give any notice, other than such notice as may be required by this Article.

SECTION 5.03. Control of Remedies by FGIC. The Company acknowledges and agrees that pursuant to the Indenture, upon the occurrence and continuation of an Indenture Default Event, provided that FGIC is not in default of its obligations under the Policy, FGIC shall be entitled to control and direct the enforcement of all rights and remedies granted to Bondholders under the Indenture, including, without limitation, (i) the right to accelerate the principal of the Bonds and (ii) the right to annul any declaration of acceleration, and that FGIC shall also be entitled to approve all waivers of Indenture Default Events.

ARTICLE VI
SETTLEMENT

SECTION 6.01. Settlement. FGIC shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against FGIC on the Policy (a "***Policy Claim***") shall or shall not be paid, compromised, resisted, defended, tried or appealed, and FGIC's decision thereon, if made in good faith, shall be final and binding on the Company. An itemized statement of payments made by FGIC, certified by an officer of FGIC, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Company, absent manifest error.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01. Certain Rights of FGIC. While the Policy is in effect:

(a) the Company shall furnish to FGIC, as soon as practicable after the filing thereof with the SEC, the copies of the Company's periodic reports to the Securities and Exchange Commission; provided, however, that the availability of such reports on the Commission's EDGAR website shall be deemed to satisfy this requirement.

(b) the Company shall notify FGIC of the redemption of any of the Bonds or any advanced refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(c) the Company shall notify FGIC of the downgrading by any rating agency of the Company's underlying public rating; and

(d) the Company shall provide FGIC with such additional information as FGIC shall reasonably request.

SECTION 7.02. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Company and FGIC. The Company hereby agrees that upon the written request of the Trustee, FGIC may make or consent to issue any substitute for the Policy to cure any ambiguity

or formal defect or omission in the Policy which does not materially change the terms of the Policy nor adversely affect the rights of the owners of the Bonds, and this Agreement shall apply to such substituted Policy. FGIC agrees to deliver to the Company and to the company or companies, if any, rating the Bonds, a copy of such substituted Policy.

SECTION 7.03. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Company and FGIC and their respective successors and assigns; provided, that no party hereto may transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the other party hereto. Notwithstanding the foregoing provisions of this Section 7.03(a), FGIC shall have the right to reinsure any portion of its exposure under the Policy to third party reinsurers.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 7.04. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which fully-executed counterparts shall be deemed to be an original instrument, and all of which shall constitute but one and the same instrument. Complete counterparts of this Agreement shall be lodged with the Company, the Trustee and FGIC.

SECTION 7.05. Term. This Agreement shall expire upon the later of (i) the expiration of the Policy in accordance with the terms thereof or (ii) the repayment in full to FGIC of any amounts due and owing to it by the Company under this Agreement or the Policy.

SECTION 7.06. Exercise of Rights. No failure or delay on the part of FGIC to exercise any right, power or privilege under this Agreement, the Indenture, the Sublease, the Lease or the Bonds, and no course of dealing between FGIC and the Company or any other party, shall operate as a waiver of or impair any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which FGIC would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

SECTION 7.07. Waiver. The Company waives any defense that this Agreement was executed subsequent to the date of the Commitment, admitting and covenanting that such Commitment was delivered pursuant to the Company's request and in reliance on the Company's promise to execute this Agreement.

SECTION 7.08. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all

prior agreements and understandings of the parties hereto with respect to the subject matter hereof, including but not limited to the Commitment.

Section 7.09. Severability. In the event any provision of this Insurance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.10. Notices. All written notices to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telecopier machine owned or operated by a party hereto, when sent and confirmed in writing by such machine as having been received, addressed as specified below or at such other address as any of the parties hereto may from time to time specify in writing to the other:

If to the Company:

Kansas City Power & Light Company
1201 Walnut
Kansas City, Missouri 64106-2124
Attention: Treasurer
Facsimile No: 816-556-2992

If to FGIC:

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Attention: Paul Morrison
Facsimile No.: 212-312-2707

Section 7.11. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By: _____
Michael Cline
Treasurer and Chief Risk Officer

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Paul R. Morrison
Managing Director – Global Utilities

ANNEX A

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

"***Agreement***" means this Insurance Agreement.

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

"***Bonds***" shall mean the bonds issued by the Issuer pursuant to the Indenture.

"***Business Day***" means any day other than a Saturday or Sunday on which commercial banking institutions in New York, New York are generally open for banking business.

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

"Capitalized Lease Obligation" means, as to any Person, the amount of the obligations of such Person under Capital Leases which would be shown as a liability on a balance sheet of such Person in accordance with GAAP.

"***Commitment***" means the commitment letter, dated September 7, 2007, from FGIC to the Company, committing to issue the Policy in respect of the Bonds, subject to the terms and conditions thereof.

"***Company***" has the meaning set forth in the recitals hereof.

"Consolidated Subsidiaries" means, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired" the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

"Debt" shall mean any outstanding debt for money borrowed.

"***Effective Interest Rate***" means the lesser of (i) the prime rate of Citibank, N.A., in effect from time to time plus 2% per annum and (ii) the maximum rate of interest permitted by then applicable law.

"***Event of Default***" means any of the events of default set forth in Section 6.01 of this Agreement.

"First Mortgage Bonds" means bonds or other evidences of indebtedness issued under the Company Indenture.

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

"Guaranty Obligations" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guarantying or having the economic effect of guarantying any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the oblige in respected of such Indebtedness or other obligation of the payment or performance of such Indebtedness or their obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other obligation of the payment of performance thereof or to protect such obligees against loss in respect thereof (in whole or in part), or (b) any lien on any assets of such Person, whether or not such Indebtedness or other obligations assumed by such Person; provided, however, that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty Obligations is made or, if not stated or determinable, the maximum reasonable anticipated liability in respect thereof as determined by the guarantying Person in good faith.

"Indebtedness" means, as to any Person at a particular time, all of the following, without duplication, to the extent recourse may be had to the assets or properties of such Person in respect thereof:

(a) All obligations of such Person for borrowed money and all obligation of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) Any direct or contingent obligations of such Person in the aggregate in excess of $2,000,000 arising under letters of credit (including standby and commercial), banker's acceptances, bank guaranties, surety bonds and similar instruments;

(c) Net obligations of such Person under any Swap Contract in an amount equal to the Swap Termination Value thereof;

(d) All obligations of such Person to pay the deferred purchase price of property or services (except trade accounts pay able arising, and accrued expenses incurred, in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such person or is limited in recourse;

(e) Capitalized Lease Obligations and Synthetic Lease Obligations of such Person;

(f) All Guaranty Obligations of such Person in respect of any other foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venture, unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including Guaranty Obligations) shall not include any obligations of the Company with respect to subordinated, deferrable interest debt securities, and any related securities issued by a trust or other special purpose entity in connection therewith, as long as the maturity date of such debt is subsequent to the maturity date of the Bonds; *provided* that the amount of mandatory principal amortization of defeasance of such debt prior to the maturity date of the Bonds shall be Included in the definition of Indebtedness (such obligations, "Trust Preferred Obligations"). The amount of any Capitalized Lease Obligation or Synthetic Lease Obligations as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"***Indenture Default Event***" shall mean an Event of Default pursuant to Section 8.01 of the Indenture.

"***Interest Payment Date***" has the meaning assigned thereto by the Bonds.

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

"***Person***" means an individual, joint stock company, trust, unincorporated association, joint venture, corporation, business or owner trust, limited liability company, partnership or other organization or entity (whether governmental or private).

"***Policy***" has the meaning set forth in the second "Whereas" clause hereof.

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

"***Related Documents***" means the Indenture, the Sublease, the Lease this Agreement and the Bonds.

"***Reimbursement Obligation***" means the amounts payable by the Company to FGIC pursuant to the provisions of Section 4.01 of this Agreement.

"Regulated Utility Company" means a corporation (or a limited liability company) engaged in the distribution of electricity, and which is regulated by the Public Service Commission of Missouri, or other applicable public utility commission where its primary electricity distribution business is located.

"Reorganization" means any reorganization, consolidation or merger of the Company or its affiliates, or any transfer, sale or lease of a substantial portion of the assets of the Company or its affiliates, as a result of which the Company ceases to be a Regulated Utility Company.

"Shareholders' Equity" means, as of any date of determination, shareholders' equity of the Company on a consolidated basis as of that date determined in accordance with GAAP.

"Subsidiary" means, with respect to any Person, (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one of more of its Subsidiaries; (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled; or (c) any other Person the operations and/or financial results of which are required to be consolidated with those of such first Person in accordance with GAAP.

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

International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Mater Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date reference in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts, in each case as calculated by the Company in order to ensure compliance with Financial Accounting Standards Board Statement No. 133.

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

"Total Capitalization" means Indebtedness of the Company and its Consolidated Subsidiaries plus the sum of (i) Shareholder's Equity and (ii) to the extent not otherwise included in Indebtedness or Shareholder's Equity, preferred and preference stock and securities of the Company and its Subsidiaries included in a consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP; provided, however, that with respect to any derivative entered into in the ordinary course of business to hedge bona fide transactions and business risks and not for the purpose of speculation, Shareholder's Equity shall be calculated without giving effect to the application of Financial Accounting Standards Board Statement No. 133 or Financial Accounting Standards Board Statement No. 149.