

5.7 Notices. (a) Within five (5) days after the Borrower knows with respect to any notice under clause (i) or within ten (10) days with respect to any other notice under this Section 5.7(a), give notice to the Administrative Agent and each Lender of:

(i) the occurrence of any Default or Event of Default;

(ii) any (i) default or event of default under any Contractual Obligation of the Borrower or any Subsidiary, or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any such Subsidiary and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(iii) any material labor dispute to which the Borrower or any Subsidiary may become a party and which involves any group of employees, any strikes or walkouts relating to any of its plants or facilities and the expiration or termination of any labor contract to which the Borrower or such Subsidiary is a party or by which the Borrower or such Subsidiary is bound and which dispute could reasonably be expected to have a Material Adverse Effect on the operations of the Borrower or such Subsidiary.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto. For the purposes of this Section 5.7(a), the Borrower shall be deemed to have knowledge when any officer of the Borrower charged with responsibility for any matter that is the subject of such notice requirement knows or should have known that such notice was required.

(b) At least two (2) days prior to such event (to the extent practicable), give notice to the Administrative Agent of the occurrence of any Reduction Event (i) the Net Cash Proceeds, dividends or other distributions of which are (or are scheduled to be) in excess of \$5,000,000 or (ii) together with any other concurrent or prior Reduction Event for which notice has not been given hereunder the aggregate Net Cash Proceeds, dividends or other distributions of which are (or are scheduled to be) in excess of \$10,000,000.

5.8 Environmental Laws. (a) Comply and cause its Subsidiaries to comply in all material respects with all applicable Environmental Laws and obtain and comply and cause its Subsidiaries to obtain and comply in all material respects with and maintain and cause its Subsidiaries to maintain any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not be reasonably expected to have a Material Adverse Effect.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the

same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect.

5.9 ERISA. Establish, maintain and operate and cause each of its Subsidiaries to establish, maintain and operate all Plans to comply in all material respects with the applicable provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder and the respective requirements of the governing documents for such Plans except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.10 Use of Proceeds. Use the proceeds of each extension of credit hereunder solely for the purposes set forth in Section 3.15. The Borrower acknowledges that one or more of the Lenders may treat its Loans as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender or Lenders, as applicable, will maintain the lists and other records required by such Treasury Regulation.

5.11 Margin Stock. Not permit the aggregate value of margin stock (as defined in Regulation U) at any time owned or held by the Borrower or any of its Subsidiaries to exceed an amount equal to 25% of the value of all consolidated assets subject at such time to any "arrangement" (as such term is used in the definition of "indirectly secured" in Section 221.2 of Regulation U).

5.12 Maintain Ownership of Domestic Utility Business. (a) Maintain ownership, directly (and not through any Subsidiary), of all or substantially all of the assets of the Domestic Utility Business and (b) maintain the Lien of the First Mortgage Indenture on the Mortgaged Property (as defined in the First Mortgage Indenture) after the date the Lien of the First Mortgage Indenture is first applicable thereto.

5.13 Post-Closing Matters. (a) Use its commercially reasonable efforts to, as promptly as practicable, obtain all necessary governmental and regulatory approvals (x) to add as additional property under the First Mortgage Indenture the tangible assets of each of the Borrower's operating divisions, to the extent necessary to cause the fair value of the Collateral Utility Business (including the fair value of such additional property (as evidenced by an appraisal dated within three months (or sooner if there has been a material adverse change affecting such additional property)) to be equal to or exceed 167% of the outstanding aggregate principal amount of First Mortgage Bonds then held by the Collateral Agent (such commercially reasonable efforts by the Borrower shall not require it or any of its subsidiaries to, among other things, (i) modify the conduct of its ordinary course of business in any material respect, (ii) divest itself of any significant assets or businesses, (iii) refund any amounts to any customers, or (iv) reduce its rates or other charges to its customers) (once the Borrower shall have caused such additional property to be added and caused such ratio described in clause (x) above to have been first met, the Borrower shall have no further obligation to add additional property under this clause).

(b) Upon obtaining such governmental and regulatory approval, promptly cause such additional property to become subject to the lien of the First

Mortgage Bond Indenture (on the same conditions as the conditions set forth in Section 4.1(i) and (j) with respect to the initial Collateral Utility Business).

(c) As soon as available, but in any event within five (5) Business Days after the Closing Date, deliver to the Administrative Agent audited consolidated balance sheets of the Borrower as of December 31, 2002 and the related consolidated statements of income, retained earnings and cash flows for the fiscal year ended December 31, 2002, with accompanying notes thereon and reported on without qualification by KPMG LLP, in each case, such financial statements shall be identical, in all material respects, to the unaudited financial statements for the same periods delivered by the Borrower pursuant to Section 4.1 other than changes to the footnotes to reflect adjustment of short-term Debt to long-term Debt and to the footnotes to reflect changes resulting from the consummation of the transactions contemplated by the Loan Documents.

(d) As soon as practicable, but in any event within sixty (60) Business Days after the Closing Date, deliver to the Administrative Agent copies of duly filed and recorded instruments of discharge and satisfaction relating to the Michigan Gas Utilities Indenture.

5.14 Credit Ratings. Maintain ratings by both Moody's and Standard & Poor's with respect to the credit facilities provided hereby (in each case, on a pro forma basis if prior to the issuance of the First Mortgage Bonds).

ARTICLE 6. NEGATIVE COVENANTS

The Borrower hereby agrees that for so long as the Commitments remain in effect, any Loan remains outstanding and unpaid, any Letter of Credit remains outstanding, or any Obligation is owing to any Lender, any Issuing Bank, the Collateral Agent or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall not:

6.1 Financial Covenants.

(a) Total Capitalization. Permit the ratio (expressed as a percentage) of Debt to Total Capital on the last day of any fiscal quarter to exceed 75% for the period ending September 30, 2003 or the period ending December 31, 2003 and 70% for any period after December 31, 2003.

(b) Collateral EBITDA to Interest Expense. Permit the ratio of (y) Collateral EBITDA to (z) the aggregate amount of interest expense (including participation fees with respect to Letters of Credit, but excluding the amortization of capitalized debt issuance costs associated with this Agreement) accrued on Debt relating to the assets constituting Indenture Collateral, including, without limitation, first mortgage bonds under the First Mortgage Indenture, in each case on the last day of any fiscal quarter of the Borrower for the period of four consecutive fiscal quarters then ending, to be less than (1) for the period ending September 30, 2003 or December 31,

2003, 1.05 to 1.00, (2) for the periods ending March 31, 2004 and June 30, 2004, 1.15 to 1.00, (3) for the period ending on September 30, 2004, 1.50 to 1.00, (4) for the period ending on December 31, 2004, 1.75 to 1.00, and (5) for any period ending thereafter, 2.00 to 1.00 (notwithstanding the foregoing, (I) the aggregate amount of interest expense for any period prior to March 31, 2004 shall be deemed to be equal to four times the aggregate amount of interest expense for most recently ended fiscal quarter and (II) with respect to any line of business which becomes a portion of the Collateral Utility Business after the date hereof, interest expense related thereto for any period prior to first anniversary of such line becoming a part of the Collateral Utility Business shall be deemed to be equal to four times the aggregate amount of such interest expense for most recently ended fiscal quarter).

(c) Debt to EBITDA. Permit the ratio of (y) the aggregate principal amount of Debt relating to the assets constituting Indenture Collateral, including, without limitation, first mortgage bonds outstanding under the First Mortgage Bond Indenture, in each case on the last day of any fiscal quarter to (z) Collateral EBITDA for the period of four consecutive fiscal quarters then ending, to be more than (1) for the period ending September 30, 2003, 10.5 to 1.0; (2) for any period ending after October 1, 2003 to and including June 30, 2004, 9.5 to 1.0; and (3) for any period thereafter, 5.5 to 1.0.

6.2 Limitation on Fundamental Changes. (a) Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all its property, business or assets or all or substantially all of the mortgaged property under the First Mortgage Indenture, except any Wholly-Owned Subsidiary (other than any Collateral Subsidiary) may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation).

(b) So long as the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, as applicable, permit either Canadian Parent or ANCFC or any of their respective Subsidiaries to enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or any material portion of its property, business or assets, or sell, assign, transfer or otherwise dispose of any of the Capital Stock of any Subsidiary, except that (i) (A) any Subsidiary of a Canadian Parent or any Subsidiary of ANCMC may merge with or consolidate or amalgamate into, or sell or otherwise transfer assets to, either Canadian Parent or ANCMC or any other Wholly-Owned Subsidiary of either Canadian Parent or ANCMC (provided, in the case of a merger, consolidation or amalgamation, such Canadian Parent, ANCMC or Wholly-Owned Subsidiary, as applicable, is the surviving entity) or (B) ANCMC may merge with or consolidate or amalgamate into, or sell or otherwise transfer assets to (or ANCFC may sell all of the Capital Stock of ANCMC to), either Canadian Parent or any other Wholly-Owned Subsidiary of either Canadian Parent (provided, in the case of a merger, consolidation or amalgamation, such Canadian Parent or Wholly-Owned Subsidiary, as applicable, is the surviving entity), (ii) any Subsidiary of either Canadian Parent may sell

inventory in the ordinary course of business, (iii) any Subsidiary of either Canadian Parent may sell, lease or otherwise dispose of machinery and equipment which has become uneconomic, obsolete or worn out and which is disposed of in the ordinary course of business and (iv) so long as (1) no Event of Default then exists, (2) each such transaction is an arm's length transaction for fair value, (3) at least eighty percent (80%) of the purchase price therefor is in cash (or such lower percentage if such cash portion is sufficient to terminate the credit facilities provided hereby in full)(and such cash portion of the purchase price shall be payable at (or prior to) the time of such Disposition) and (4) the Net Cash Proceeds thereof are applied to the prepayment or reduction of or deposit as security for the credit facilities hereunder as provided in Section 2.7(b), if applicable, either Canadian Parent, ANCMC or any of their respective Subsidiaries may convey, sell, lease, assign, transfer or otherwise dispose of, all or any portion of its property, business or assets (including without limitation any Capital Stock of any Subsidiary).

(c) So long as the Pledged Equity Interest (as such term is defined in the IPP Pledge Agreement) remains subject to the Lien of the IPP Pledge Agreement, permit UtilCo Group Inc. or any of its Subsidiaries to enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or any portion of its property, business or assets, sell, assign, transfer or otherwise dispose of any of the Capital Stock of any Subsidiary, except that (i) any Subsidiary of UtilCo Group Inc. may merge with or consolidate or amalgamate into, or sell or otherwise transfer assets to, UtilCo Group Inc. or any other Wholly-Owned Subsidiary of UtilCo Group Inc. (provided, in the case of a merger, consolidation or amalgamation, UtilCo Group Inc. or such Wholly-Owned Subsidiary, as applicable, is the surviving entity), (ii) Onondaga Cogeneration Limited Partnership or Topsham Hydroelectric Generating Facility Trust No. 2 may sell inventory in the ordinary course of business or sell, lease or otherwise dispose of machinery and equipment which has become uneconomic, obsolete or worn out and which is disposed of in the ordinary course of business, (iii) so long as (1) no Event of Default then exists, (2) such transaction is an arm's length transactions for fair value, (3) at least eighty percent (80%) of the purchase price therefor is in cash (and such cash portion of the purchase price shall be payable at (or prior to) the time of such Disposition) and (4) the Net Cash Proceeds thereof are applied to the prepayment or reduction of or deposit as security for the credit facilities hereunder as provided in Section 2.7(b), if applicable, UtilCo Group Inc. or any of its Subsidiaries may convey, sell, lease, assign, transfer or otherwise dispose of, all or any portion of its property, business or assets (including without limitation any Capital Stock of any Subsidiary), (iv) so long as MEP Pleasant Hill, LLP is not then a Subsidiary of the Borrower, this clause (c) shall not apply to the sale or other Disposition of any Capital Stock or other Investment in, or any of the assets of, MEP Pleasant Hill, LLP, and (v) if MEP Pleasant Hill, LLP is then a Subsidiary of the Borrower, MEP Pleasant Hill, LLP may merge with and into, and its assets may be sold or otherwise transferred (directly or in a series of related transactions) to, the Borrower.

6.3 Limitation on Transactions with Affiliates. Except for transactions providing services (including, without limitation, group purchases of equipment or energy) at cost to any Subsidiary or Affiliate, enter into, or permit any Subsidiary to enter into, any

transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is upon fair and reasonable terms no less favorable to the Borrower (or such Subsidiary) than it would have obtained in a comparable arm's-length transaction with a Person which is not an Affiliate.

6.4 Limitation on Liens. Create, incur, assume or suffer to exist, and shall not permit any Subsidiary to create, incur, assume or suffer to exist, any Lien upon any of its properties, assets or revenues, whether now owned or hereafter acquired, except for Permitted Liens.

6.5 Amendments of Organizational Documents. (a) Amend, modify or change its articles of incorporation or bylaws in any manner that could reasonably be expected to result in a Material Adverse Effect.

(b) So long as the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, as applicable, permit either Canadian Parent or ANCMC or any of their respective Subsidiaries to amend, modify or change its articles of incorporation or bylaws in any manner that could reasonably be expected to result in an adverse effect on the validity or enforceability of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement or the value of the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement); or

(c) So long as Pledged Equity Interest (as such term is defined in the IPP Pledge Agreement) remains subject to the Lien of the IPP Pledge Agreement, permit UtilCo Group Inc. or any of its Subsidiaries to amend, modify or change its articles of incorporation or bylaws in any manner that could reasonably be expected to result in an adverse effect on the validity or enforceability of the IPP Pledge Agreement or the value of the Pledged Equity Interest (as such term is defined in the IPP Pledge Agreement).

6.6 Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist, and shall not permit any Subsidiary to create, incur, assume or suffer to exist, any Guarantee Obligation except:

(a) guarantees of obligations to third parties made in the ordinary course of business not relating to Debt;

(b) Guarantee Obligations existing on the date hereof;

(c) Guarantee Obligations which by their terms (either mandatorily or at the unfettered option of the Borrower) are payable solely in Capital Stock (other than Mandatory Redeemable Stock) of the Borrower provided that the Borrower agrees that so long as this Agreement is in effect to cause any payment under any such outstanding obligation to be made only in such Capital Stock; and

(d) Guaranteed Obligations permitted pursuant to Section 6.10(g) or (i);

provided that (y) so long as Pledged Equity Interest (as such term is defined in the IPP Pledge Agreement) remains subject to the Lien of the IPP Pledge Agreement, neither UtilCo Group Inc. nor any of its Subsidiaries shall create, incur or assume any Guarantee Obligations in respect of the Borrower or any of its Subsidiaries other than UtilCo Group Inc. or any of its Subsidiaries or Affiliates and (z) so long as the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, neither Canadian Parent, ANCMC nor any of their respective Subsidiaries shall create, incur or assume any Guarantee Obligations in respect of the Borrower or any of its Subsidiaries other than either Canadian Parent, ANCMC and their respective Subsidiaries.

6.7 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of, and shall not permit any Subsidiary to convey, sell, lease, assign, transfer or otherwise dispose of any of, its property, business or assets (including, without limitation, tax benefits, receivables and leasehold interests), whether now owned or hereafter acquired except:

(a) for the sale or other disposition of any property that, in the reasonable judgment of the Borrower, has become uneconomic, obsolete or worn out, and which is disposed of in the ordinary course of business;

(b) for sales of inventory made in the ordinary course of business;

(c) that (i) any Subsidiary of the Borrower (other than a Collateral Subsidiary) may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or a Subsidiary of the Borrower and any Subsidiary of the Borrower (other than a Collateral Subsidiary) may sell or otherwise dispose of, or part with control of any or all of, the stock of any Subsidiary to a Subsidiary of the Borrower or a Subsidiary of the Borrower may merge with the Borrower or another Subsidiary (so long as the Borrower or such Subsidiary, as applicable, is the surviving corporation) and (ii) any Collateral Subsidiary may convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets to the extent expressly permitted pursuant to Section 6.2(b) or (c), as applicable;

(d) for sales or dispositions by the Borrower or any of its Subsidiaries (other than any Collateral Subsidiaries) after the date hereof, provided that (i) no Event of Default then exists or would result therefrom, (ii) such sale or other disposition shall be made for fair sale value on an arm's-length basis, (iii) in the case of Indenture Collateral, at least eighty percent (80%) of the purchase price therefor shall be paid in cash (and such cash portion of the purchase price shall be payable at (or prior to) the time of such Disposition), and (iv) the Borrower shall comply with Section 2.7, if applicable; and

(e) cancel or make changes or alterations in or substitutions for any and all easements, servitudes, rights of way and similar rights or interests;

(f) grant easements, ground leases or rights-of-way in, upon, over or across property or rights-of-way, provided such grant shall not materially impair the use

of the property or rights-of-way for the purposes for which such property or rights-of-way are held, or

(g) for operating leases entered into ordinary course of business with respect to surplus machinery and equipment or office space.

6.8 Limitation on Investments, Loans and Advances. Make, and shall not permit any Subsidiary to make, any advance, loan, extension of credit (excluding Guarantee Obligations but including any payment by a guarantor thereunder) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other securities of, or purchase all or a material part of a business unit or line of business of (or all or substantially all the assets of), or make any other investment in, any Person (any of the foregoing, an "Investment"), except:

(a) (i) extensions of trade credit in the ordinary course of business and (ii) Investments (including reinvestments thereof by any intermediate Subsidiary) to the extent the ultimate proceeds thereof are applied to maintenance capital expenditures required to comply with Section 5.5 for merchant generation plants of any Wholly-Owned Subsidiary;

(b) Investments of the Borrower or any Subsidiary existing on the date hereof in any Subsidiary (and (i) the Borrower or any Wholly-Owned Subsidiary may acquire such Investment in any Subsidiary (other than a Collateral Subsidiary) and (ii) any Collateral Subsidiary may acquire any Investment in a Collateral Subsidiary to the extent expressly permitted pursuant to Section 6.2(b) or (c), as applicable);

(c) the Borrower may acquire all or a material part of any domestic regulated business, provided that the aggregate principal amount of Debt incurred or assumed by the Borrower and its Subsidiaries in connection with such acquisition (together with the aggregate principal amount of Indebtedness of such acquired Person) shall not exceed fifty percent (50%) of the lesser of the fair value or cost of such acquired assets (and, to the extent such Debt is incurred in connection with such acquisition or in contemplation of such acquisition, such Debt shall not have a scheduled maturity, or require any principal payment (other than scheduled amortization payments of not more than \$10,000,000 in the aggregate for all such Debt), prior to six months after the Maturity Date);

(d) the Borrower and its Subsidiaries may invest in, acquire and hold Cash Equivalents;

(e) the Borrower or any of its Subsidiaries may make travel and entertainment advances, relocation loans and payroll advances in the ordinary course of business to officers and employees of the Borrower or any such Subsidiary;

(f) Investments of the Borrower or any Subsidiary existing on the date hereof and the receipt of any additional securities constituting payments in kind on such existing Investments;

(g) Investments in obligations arising out of bankruptcy of customers and suppliers;

(h) subject to Sections 6.2 and 6.7, (as applicable) Investments consisting of non-cash consideration received in connection with sales of assets;

(i) any of the following,

(i) Investments by either Canadian Parent, ANCMC or any of their respective Subsidiaries in either Canadian Parent, ANCMC or any of their respective Subsidiaries,

(ii) Investments in either Canadian Parent, ANCMC or any of their respective Subsidiaries to the extent that the proceeds thereof are applied to refinance the principal amount of any Indebtedness of such entity owing to an un-Affiliated entity existing on the date hereof,

(iii) Investments in either Canadian Parent, ANCMC or any of their respective Subsidiaries the proceeds of which are used for Capital Expenditures with respect to utility assets of any Subsidiary of Canadian Parent to the extent that the aggregate amount of such Investments made pursuant to this clause (iii) plus the aggregate principal amount of Debt incurred under clause (f) of Section 6.10 does not exceed (1) from the period from the date hereof to and including December 31, 2003, \$75,000,000, (2) for the fiscal year ending December 31, 2004, \$95,000,000, and (3) thereafter \$95,000,000 (provided that if the aggregate amount of Capital Expenditures for any fiscal year is less than the amount of related Investments permitted for such fiscal year, then the shortfall may be added to the amount permitted for the immediately succeeding (but not any other) fiscal year), and

(iv) any other Investments in either Canadian Parent, ANCMC or any of their respective Subsidiaries;

provided that if an Investment may fall within clause (iii) or (iv) above, the Borrower may designate which clause applies to such Investment (which designation may be changed from time to time);

(j) Investments in a Wholly-Owned Subsidiary of Borrower in furtherance of the winding down or exiting of the operations of the unregulated merchant energy business or operations of Borrower and its Subsidiaries;

(k) in connection with cash management and tax efficient financing of the Borrower and its Subsidiaries in the ordinary course of business consistent with past practice, Investments by the Borrower or any Subsidiary of the Borrower in the Borrower or any Subsidiary of the Borrower (other than UCS Holdings LLC or any of its Subsidiaries), provided that the proceeds thereof shall not be used to finance any capital expenditure; and provided further that:

(i) so long as the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, as applicable, (x) in the case of Investments made by either Canadian Parent, ANCMC or any Subsidiary of any thereof in Borrower or any Subsidiary of Borrower which is not either Canadian Parent, ANCMC or any of their respective Subsidiaries, the then aggregate outstanding amount of such Investments shall not exceed the then aggregate outstanding amount of Investments made after the date hereof in the Canadian Parent, ANCMC and their respective Subsidiaries pursuant to this subparagraph by the Borrower or a Subsidiary of Borrower which is not either Canadian Parent, ANCMC or any of their respective Subsidiaries, (y) such Investments (taken as a whole) shall not materially adversely affect the collateral value of the Canadian Parent and their respective Subsidiaries taken as a whole (or materially adversely effect the rights and remedies of the Collateral Agent with respect thereto) and (z) such Investment made in either Canadian Parent, ANCMC or any Subsidiary shall not be repaid unless, after giving effect to such repayment, at least one dollar of additional Investments may be made by the Canadian Parent, ANCMC and their respective Subsidiaries in compliance with clause (x) above and no Event of Default then exists; and

(ii) so long as the Pledged Equity Interest (as such term is defined in the IPP Pledge Agreement) remains subject to the Lien of the IPP Pledge Agreement, (x) in the case of Investments made by UtilCo Group Inc. or any of its Subsidiaries in Borrower or any Subsidiary of Borrower which is not UtilCo Group Inc. or any of its Subsidiaries, the then aggregate outstanding amount of such Investments shall not exceed the then aggregate outstanding amount of Investments made after the date hereof in UtilCo Group Inc. and its Subsidiaries pursuant to this subparagraph by the Borrower or a Subsidiary of Borrower which is not UtilCo Group Inc. or any of its Subsidiaries, (y) such Investments (taken as a whole) shall not materially adversely affect the collateral value of UtilCo Group Inc. and its Subsidiaries taken as a whole (or materially adversely effect the rights and remedies of the Collateral Agent with respect thereto) and (z) such Investment made in UtilCo Group Inc. or any of its Subsidiaries shall not be repaid unless, after giving effect to such repayment, at least one dollar of additional Investments may be made by UtilCo Group Inc. and its Subsidiaries in compliance with clause (x) above and no Event of Default then exists;

(l) other Investments of the Borrower or any Subsidiary after the date hereof of not more than \$10,000,000 in the aggregate;

(m) Investments required to complete the construction of the electric generating facility located in Piatt County, Illinois in an amount not to exceed \$25,000,000;

(n) Investments in an amount not to exceed \$15,000,000 in the aggregate with respect to UCS Holdings, LLC and its Subsidiaries;

(o) Investments the Borrower or any Subsidiary is contractually obligated to make on the date hereof;

(p) Investments of the Borrower or any Subsidiary (other than any Collateral Subsidiary) in UtiliCorp Australia Inc. provided that the proceeds thereof are applied to the repayment of the obligations of UtiliCorp Australia Inc. under the 364-Day Credit Agreement; and

(q) Investments of the Borrower or any of its Subsidiaries (other than any Collateral Subsidiary (other than Investments from proceeds received by Collateral Subsidiaries from Investments to Collateral Subsidiaries for such purpose)) to the extent such proceeds are used to cause MEP Pleasant Hill, LLC to become a Subsidiary of the Borrower; provided that the Borrower shall promptly cause substantially all of the assets of MEP Pleasant Hill, LLC to be transferred to the Borrower (either directly or through a series of related transactions) for the purpose of causing such assets to become utility assets.

6.9 Limitation on Dividends and Stock Repurchases. Declare any dividends other than dividends paid in kind on any shares of any class of Capital Stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of any class of Capital Stock of the Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any of its Subsidiaries (all of the foregoing being referred to herein as "Restricted Payments"); except that the Borrower may make Restricted Payments on or with respect to its Capital Stock so long as, after giving effect to such Restricted Payments, (i) no Default or Event of Default shall have occurred and be continuing or shall result therefrom and (ii) the Borrower's senior unsecured credit rating is at least Ba2 from Moody's and BB from Standard & Poor's.

6.10 Limitation on Indebtedness or Mandatory Redeemable Stock. Create, incur, issue, assume or suffer to exist, and shall not permit any Subsidiary to create, incur, issue, assume or suffer to exist, any Indebtedness or Mandatory Redeemable Stock (including any Indebtedness or Mandatory Redeemable Stock of any of its Subsidiaries), except:

- (a) Debt of the Borrower under this Agreement;
- (b) Debt of UtiliCorp Australia, Inc. under the 364-Day Credit Agreement;
- (c) Indebtedness of the Borrower or any Subsidiary to the extent such Investment is permitted to exist under Section 6.8;
- (d) Indebtedness consisting of reimbursement obligations under surety, indemnity, performance, release and appeal bonds and guarantees thereof and letters of credit required in the ordinary course of business or in connection with the enforcement of rights or claims of the Borrower or its Subsidiaries (but not in connection with Debt);

(e) Non-Recourse Debt of any Subsidiary (other than so long as the Pledged Equity Interest (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, as applicable, the Canadian Parents, ANCMC or any of their respective Subsidiaries);

(f) Debt of either Canadian Parent or any of their respective Subsidiaries, in excess of amounts outstanding on the date hereof, the proceeds of which are used for Capital Expenditures with respect to utility assets of any Subsidiary of Canadian Parent; provided that the aggregate principal amount of such incremental Debt, together with the aggregate amount of Investments made pursuant to clause (iii) of Section 6.8(i), does not exceed (1) from the period from the date hereof to and including December 31, 2003, \$75,000,000, (2) for the fiscal year ending December 31, 2004, \$95,000,000, and (3) thereafter \$95,000,000 (provided that if the aggregate amount of Capital Expenditures for any fiscal year is less than the amount of related Investments permitted for such fiscal year, then the shortfall may be added to the amount permitted for the immediately succeeding (but not any other) fiscal year);

(g) [Intentionally Omitted];

(h) Indebtedness outstanding on the date hereof, provided that, to the extent constituting Debt or Mandatory Redeemable Stock, such Indebtedness is set forth on Schedule 6.10 hereto;

(i) Debt of the Borrower evidenced by additional first mortgage bonds under the First Mortgage Indenture provided that (i) such first mortgage bonds shall not be issued until after the Rate Reduction Date and (ii) such first mortgage bonds are issued (y) in compliance with Section 4.02 or 4.04 of the First Mortgage Indenture or (z) in a refinancing of existing First Mortgage Bonds pursuant to Section 4.03 of the First Mortgage Indenture;

(j) Debt incurred to provide all or a portion of the purchase price or costs of construction of fixed assets; provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such asset and (ii) the aggregate outstanding principal amount of all such Indebtedness shall not exceed \$10,000,000 at any one time;

(k) Debt of the Borrower secured by accounts receivable of the Borrower in an aggregate outstanding principal amount not to exceed \$200 million at any one time;

(l) Debt incurred or assumed in connection with a transaction expressly permitted pursuant to Section 6.8(c); provided such Indebtedness complies with the terms of Section 6.8(c);

(m) Refinancings, replacements and extensions by the obligor thereof of any Debt under clause (e), (f), (g), (h), (i), (j) or (l) above so long as (i) the principal of the Debt so refinanced, replaced or extended is not increased as a result thereof (plus any

premiums required to be paid to such existing debtholders in connection with such refinancing) and (ii) in the case of any refinancing or replacement of Non-Recourse Debt, after giving effect thereto, such Indebtedness constitutes Non-Recourse Debt; and

(n) Indebtedness not otherwise permitted by the preceding clauses of this Section 6.10 not exceeding \$50,000,000 in aggregate principal amount at any one time outstanding (and which may include Guaranteed Obligations of the Borrower with respect to Indebtedness of a Subsidiary);

provided that, notwithstanding the foregoing, the Borrower shall not incur, issue or assume any Debt or Mandatory Redeemable Stock after the date hereof pursuant to clauses (i), (l) (to the extent required pursuant to Section 6.8), or (m) (other than with respect to either Canadian Parent, ANCMC or any of their Subsidiaries) above which has a scheduled maturity, or requires any principal payment (other than scheduled amortization payments of not more than \$10,000,000 in the aggregate for all such Debt), prior to six months after the Maturity Date.

6.11 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by the Borrower of real or personal property, in an aggregate amount for all such property exceeding \$10,000,000, which has been or is to be sold or transferred by the Borrower to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower.

6.12 Payment Restrictions. Enter into or suffer to exist, and shall not permit any Collateral Subsidiary to enter into or suffer to exist, any agreement or other consensual encumbrance or restriction (i) which constitutes a loss of control by any Credit Party in its Subsidiaries (to the extent such Subsidiaries are Collateral Subsidiaries) or by any Collateral Subsidiary of any of its Subsidiaries in which it has such control as of the date hereof (for purposes of this clause (i), "control" shall mean the ability to direct the daily operations of such entity, including the ability to direct that such entity take the any action contemplated in clause (ii) hereof) or (ii) which prohibits or limits the ability of any of the Borrower or any Collateral Subsidiary to make loans, payments or dividends to or investments in, or to transfer assets to, the Borrower or any of its Collateral Subsidiaries, other than (a) any such agreement, encumbrance or restriction contained in this Agreement, the Collateral Documents, the First Mortgage Indenture or the Bond Collateral Agreement, (b) any such agreement, encumbrance or restriction contained in any industrial revenue bonds, purchase money mortgages, development financing, operating leases entered into in the ordinary course of business, acquisition agreements or Financing Leases, in each case permitted by this Agreement (in which cases, any prohibition or limitation shall only be effective against the assets financed, acquired or leased thereby), (c) any such agreement, encumbrance or restriction contained in any loan agreement or other financing document entered into with respect to Non-Recourse Debt or Debt of Subsidiaries (other than industrial revenue bonds, purchase money mortgages, development financing or Financing Leases) permitted to be incurred pursuant to Section 6.10, (d) customary provisions in any contract entered into in the ordinary course of business (including any licensing agreement, management agreement or franchise agreement) restricting assignments of such contract; or (e) restrictions existing on the date hereof.

6.13 Limitation on Businesses. Enter into or engage in any business, either directly or through any Subsidiary, except for businesses of the same general type as those in which the Borrower and its Subsidiaries are engaged on the date hereof or other business activities reasonably incidental or related to any of the foregoing.

6.14 Limitation on Certain Amendments. Amend, modify or change, or consent to any amendment, modification or change to any of the terms relating to the payment or prepayment of principal of or interest on, any such Indebtedness in any manner which would (i) create or accelerate any amortization of the principal thereof prior to the sixth month after the Maturity Date, (ii) result in the maturity being earlier than six months after the Maturity Date, or (iii) increase the amount of any payment or prepayment of principal thereof (to earlier than six months after the Maturity Date) or increase the rate of interest thereon.

6.15 Limitations on Subsidiaries' Equity Interests. (a) Permit any Subsidiary to issue any preferred Capital Stock or any redeemable common stock other than (i) issuances of preferred Capital Stock in payment of regularly accruing dividends on theretofore outstanding shares of such preferred Capital Stock, (ii) in connection with Investments made pursuant to Section 6.8(i), (j) or (k) and (iii) as permitted under this Section 6.15 below.

(b) so long as the Pledged Equity Interests (as such term is defined in the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement) remains subject to the Lien of the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement, permit either Canadian Parent, ANCMC or any Subsidiary thereof (i) to issue Capital Stock (preferred or otherwise) to any Person other than the Borrower or any of its Subsidiaries unless such issuance is in an arm's length transaction for fair value and the Net Cash Proceed thereof received by the Borrower, Aquila Canada Holdings, Inc. or ANCFPC are received at (or prior to) the time of such issuance and are concurrently applied to the repayment of the Term Loans in an amount sufficient to cause, after giving effect to such payment, the fair value of the Collateral Utility Business to be equal to or exceed 167% of the outstanding aggregate principal amount of First Mortgage Bonds then held by the Collateral Agent, (ii) to issue any Capital Stock to the Borrower or any Subsidiary of Borrower which is not either Canadian Parent, ANCMC or a Subsidiary thereof unless such Capital Stock shall be pledged to the Collateral Agent pursuant to the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement or (iii) other than Debt incurred pursuant to Section 6.8(i) (but including, however, Debt incurred pursuant to clause (iv) thereof), Section 6.8(l) or Sections 6.10(f), to incur any Debt owing to the Borrower or any Subsidiary of Borrower which is not either Canadian Parent, ANCMC or a Subsidiary thereof in excess of \$15,000,000, in the aggregate for all such entities, unless such Debt shall be pledged to the Collateral Agent pursuant to the Canadian Pledge Agreement or the ANCMC Canadian Pledge Agreement.

(c) so long as the Pledged Equity Interests (as such term is defined in the IPP Pledge Agreement) remains subject to the Lien of the IPP Pledge Agreement, permit UtilCo Group Inc. or any Subsidiary thereof (i) to issue Capital Stock (preferred or otherwise) to any Person other than the Borrower or any of its Subsidiaries unless such issuance is in an arm's length transaction for fair value and the Net Cash Proceeds thereof received by the Borrower or any of its Subsidiaries are received at (or prior to) the time

of such issuance and are concurrently applied to the repayment of the Term Loans (to the extent not applied to the loans under the 364-day Credit Agreement), (ii) to issue any Capital Stock to the Borrower or any Subsidiary of Borrower which is not UtilCo Group Inc. or a Subsidiary thereof unless such Capital Stock shall be pledged to the Collateral Agent pursuant to the IPP Pledge Agreement or (iii) other than Debt incurred pursuant to Section 6.8(I), to incur any Debt owing to the Borrower or any Subsidiary of Borrower which is not UtilCo Group Inc. or a Subsidiary thereof in excess of \$10,000,000, in the aggregate for all such entities, unless such Debt shall be pledged to the Collateral Agent pursuant to the IPP Pledge Agreement.

6.16 Limitation on Release of Mortgaged Property; Limitation in Respect of Insurance. Release Mortgaged Property (as defined in the First Mortgage Indenture) from the lien of the First Mortgage Indenture if the Required Collateral Value Ratio is not met, other than (i) releases of such Mortgaged Property pursuant to and in accordance with Section 7.02 of the First Mortgage Indenture, (ii) releases of property or other assets that are disposed of in accordance with Section 6.7(d) and, if in connection with any such disposition and the related release, the Borrower deposits with the trustee under the First Mortgage Indenture cash that would otherwise constitute Net Cash Proceeds, releases of such cash pursuant to and in accordance with the First Mortgage Indenture, (iii) releases of proceeds of insurance (and/or moneys of the Borrower in lieu thereof or in addition thereto and for the purposes thereof) held under the First Mortgage Indenture in accordance with the First Mortgage Indenture which reimburse the Borrower for amounts spent in the rebuilding or renewal of property destroyed or damaged (including, without limitation, for property rebuilt, restored or replaced) and, if following the completion of any such rebuilding or renewal, any of such insurance proceeds (and/or such moneys of the Borrower) remain unspent, releases of such unspent proceeds (and/or such unspent money of the Borrower) pursuant to and in accordance with the First Mortgage Indenture, or (iv) releases of such Mortgaged Property pursuant to and in accordance with Section 7.05, 7.06 or 7.08(g) of the First Mortgage Indenture provided that such cash (or Net Cash Proceeds) are applied to the prepayment of the credit facilities as required pursuant to Section 2.7(b).

6.17 Hedging Arrangements; Forward Sale or Purchase Contracts. (a) Enter into, and shall not permit any Subsidiary to enter into, any interest rate protection agreement, interest rate future, interest rate option, interest rate swap, or other interest rate hedge or arrangement, or any other agreement or arrangement designed to limit or eliminate the risk or exposure to fluctuations in currency exchange rates, or fuel or other commodity prices, other than (i) (A) any such agreement or arrangement entered into in the ordinary course of business to hedge or mitigate risks to such which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities and (B) not for speculative purposes or (ii) in the case of agreements or arrangements relating to interest rates, entered into to take advantage of reduced interest rates by converting fixed rate obligations into floating rate obligations; or (b) enter into, and shall not permit any Subsidiary to enter into, any forward purchase and/or sale, or other forward acquisition or disposition, of energy or transmission rights, or any energy tolling transactions, as seller of tolling services, in each case, other than any purchase, sale or other transaction entered into in the ordinary course of the Borrower's or any Subsidiary's business and not for speculative purposes.

6.18 Limitation on Amendments or Supplements to the First Mortgage Indenture. Amend, modify or supplement the First Mortgage Indenture, except to (a) supplement such Indenture to establish the terms of any series of first mortgage bonds to be issued thereunder that are permitted to be issued under Section 6.10(i), (b) amend or supplement such Indenture for the purpose of conveying, transferring or assigning to the trustee thereunder additional property for the purpose of subjecting such property to the lien of such Indenture subject to the terms of Section 6.16, or (c) amend or supplement the First Mortgage Indenture pursuant to and as permitted by Section 13.01(h) thereof, provided that in each such case such amendment or supplement will not adversely affect the First Mortgage Bonds or (d) amend or supplement the First Mortgage Indenture pursuant to Section 13.02 thereof.

6.19 Prohibition on Liens on Indenture Collateral and Additional Collateral. Grant any Lien on (a) any Indenture Collateral other than Permitted Liens (as defined in such Indenture) which are Permitted Liens hereunder or (b) any Additional Collateral other than Permitted Liens of the type set forth in clauses (a) or (r) of the definition of Permitted Liens herein; provided that, in either case, the Borrower may grant a nonpossessory lien on any such Collateral subordinate to the Lien of the First Mortgage Indenture, the Canadian Pledge Agreement, the ANCMC Canadian Pledge Agreement or the IPP Pledge Agreement in order to secure any gas prepayments outstanding as of the date hereof so long as the holder of such lien (for itself and its successors and assigns) irrevocably agrees not to take any action with respect to such lien (including, without limitation, any enforcement, collection or realization on collateral action, but excluding filing of financing statements to the extent necessary to perfect such lien) until after the Loans, LC Disbursements and all other Obligations are repaid in full, all Letters of Credit are terminated or otherwise cancelled and the credit facilities hereunder are terminated (such forbearance agreement to be pursuant to a written agreement in form and substance reasonably satisfactory to the Administrative Agent).

6.20 Other Indentures. (a) Subject any additional assets (other than pursuant to the any after-acquired or similar clause) to the Lien of, or issue additional bonds under, the St. Joseph Power & Light Indenture.

(b) Subject any additional assets (other than pursuant to the any after-acquired or similar clause) to the Lien of, or issue additional bonds under, the Michigan Gas Utility Light Indenture.

(c) Subject any additional assets (other than pursuant to the any after-acquired or similar clause) to the Lien of, or issue additional bonds under, the UtiliCorp Indenture.

6.21 Limitation on Other Liens. Subject any Indenture Collateral to any lien securing Debt other than (i) the Lien of the First Mortgage Indenture, (i) the Lien of the St. Joseph Power & Light Indenture listed in Schedule 6.4, and (ii) Liens with respect to purchase money Indebtedness, provided that the aggregate outstanding amount of all such Indebtedness shall not exceed \$10,000,000.

6.22 MEP Pleasant Hill, LLC. Create, incur, assume, or make, and shall not permit any Subsidiary to create, incur, assume or make, any Guaranteed Obligation or

Investment in or with respect to MEP Pleasant Hill, LLC or any of its Subsidiaries, other than pursuant to Section 6.8(1), unless such entity becomes a Subsidiary of the Borrower.

ARTICLE 7. EVENTS OF DEFAULT

7.1 Events of Default. If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms hereof; the Borrower shall fail to pay any LC Disbursement (directly or through an LC Loan) within ten (10) Business Days after such amount becomes due in accordance with Section 2.5(e); or the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount payable hereunder or any other Loan Document, within three (3) days after any such interest, fee or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by any Credit Party herein or in any other Loan Document or in any certificate, document or other instrument delivered by any Credit Party under this Agreement or any other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Article 6; or

(d) Any Credit Party shall default in the observance or performance of any other agreement contained in this Agreement, any other Loan Document or the First Mortgage Indenture, and such default shall continue unremedied for a period of thirty (30) days after the earlier of notice thereof being provided by the Administrative Agent or the Required Lenders or discovery thereof by a Responsible Officer of the Borrower; or

(e) Any Credit Party or any Material Subsidiary shall (A) default in any payment (regardless of amount) of principal of, premium, if any, or interest on any Debt having an aggregate principal amount in excess of \$40,000,000 (other than the Loans) beyond the grace period, if any, provided in the instrument or agreement under which such Indebtedness was created or (B) default in the observance or performance of any other agreement or condition relating to any such Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice, if required, such Indebtedness to become due prior to its stated maturity; provided that any such default by any Credit Party or any Material Subsidiary under Non-Recourse Debt will not constitute an Event of Default unless such default also constitutes a default under other recourse Indebtedness of any Credit Party or such Material Subsidiary in an aggregate outstanding principal amount of \$40,000,000 or more; or

(f) (i) Any Credit Party or any Material Subsidiary shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Credit Party or any such Material Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Credit Party or any such Material Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or un-bonded for a period of 60 days; or (iii) there shall be commenced against any Credit Party or any such Material Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Credit Party or any such Material Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Credit Party or any such Material Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any nonexempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Pension Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower, any Subsidiary or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Pension Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such plan for purposes of Title IV of ERISA, (iv) any Pension Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower, any Subsidiary or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Pension Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against any Credit Party or any Material Subsidiary involving in the aggregate a liability (to the extent not covered by third-party insurance as to which the insurer has acknowledged coverage) of \$40,000,000 or more and sufficient judgments or decrees shall not have

been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof to reduce such amount to less than \$40,000,000; or

(i) (x) The Canadian Pledge Agreement, the ANCMC Canadian Pledge Agreement, the IPP Pledge Agreement, the Bond Collateral Agreement, the First Mortgage Indenture or the Supplemental Indenture shall cease, for any reason, to be, or shall be asserted in writing by any Credit Party not to be, in full force and effect, other than pursuant to the terms thereof and hereof, (y) the Lien created thereby shall cease to be, or shall be asserted in writing by any Credit Party not to be, enforceable and of the same effect as to perfection and priority purported to be created thereby with respect to any significant portion of the collateral thereunder, other than pursuant to the terms thereof and hereof, or (z) there shall occur an "Event of Default" under the First Mortgage Indenture;

(j) Any Event of Default (as such term is defined in the 364-Day Credit Agreement) shall occur; or

(k) A Change of Control shall occur;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Commitments shall immediately terminate, the Loans and LC Disbursements hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Notes shall immediately become due and payable, and the Borrower shall without further action be obligated to fund the Cash Collateral Account as set forth in Section 2.5(j), and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, by notice to the Borrower, declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders the Administrative Agent shall, by notice to the Borrower, declare the Loans, LC Disbursements hereunder and the Notes to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived. Without limiting any other right or remedy, upon the occurrence and during the continuation of an Event of Default, the Collateral Agent shall have the right to request, and the Borrower shall promptly, and in any event within thirty (30) days of such request, cause to be delivered, an appraisal of all or any portion of collateral securing the credit facilities hereunder as the Collateral Agent may designate, in form and substance and by an appraiser acceptable to the Collateral Agent.

ARTICLE 8. THE AGENTS

8.1 Appointment. Each Lender hereby irrevocably designates and appoints CSFB as Administrative Agent and as Collateral Agent (for purposes of this Article 8, collectively, the "Agents"), and to act as its agent under this Agreement and the other Loan Documents. Each such Lender irrevocably authorizes each Agent, to take such action on its

behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to each Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender further authorizes and directs each Agent to execute and deliver releases (or similar agreements) to give effect to the provisions of this Agreement and the other Loan Documents, including specifically, without limitation, the provisions of Section 6.7 hereof. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Agent shall have any duties or responsibilities, except those expressly set forth herein or in therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against either Agent. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement or any other Loan Document.

8.2 Delegation of Duties. Each Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

8.3 Exculpatory Provisions. No Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties, made by the Borrower or any officer or any of them contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by either Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the Notes or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any Subsidiary.

8.4 Reliance by Agents. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by such Agent. Each Agent may deem and treat the payee of any Note or any loan account in the Register as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan

Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Notes and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the amounts owing hereunder.

8.5 Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. Each Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that unless and until such Agent shall have received such directions, such Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

8.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that no Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by either Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by either Agent to any Lender. Each Lender represents to each Agent that it has, independently and without reliance upon either Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon either Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder or furnished to the Administrative Agent for the account of, or with a counterpart or copy for, each Lender, no Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower or any of its Subsidiaries which may come into the possession of either Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

8.7 Indemnification. The Lenders agree to indemnify each Agent and Issuing Bank in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) and their respective directors, officers, employees and agents, ratably according to their respective Commitment Percentages in effect on the date on

which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of all amounts owing hereunder) be imposed on, incurred by or asserted against such Agent or Issuing Bank in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent or Issuing Bank under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Agent's or Issuing Bank's gross negligence, willful misconduct or bad faith. The agreements in this Section shall survive the payment of the Obligations hereunder.

8.8 Agent in Its Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any Subsidiary as though such Agent were not an Agent hereunder and under the other Loan Documents. With respect to Loans made or renewed by it and any Note issued to it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

8.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon ten days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall, with the consent of the Borrower (which consent shall not be unreasonably withheld and shall not be required if an Event of Default shall have occurred that is continuing) appoint a successor administrative agent, whereupon such successor Administrative Agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor Administrative Agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of any amounts payable hereunder. After any retiring or terminated Administrative Agent's resignation or termination, as the case may be, as Administrative Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

ARTICLE 9. MISCELLANEOUS

9.1 Amendments and Waivers. Neither this Agreement or any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section. The Required Lenders may, or, with the

written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Lenders or of the Borrower hereunder, (b) enter into with the Borrower written amendments, supplements or modifications to the other Loan Documents for the purpose of adding provisions to such other Loan Documents or changing in any manner the rights of the Lenders or the Borrower thereunder or (c) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided that no such waiver and no such amendment, supplement or modification (i) shall reduce the principal amount or extend the scheduled date of maturity of the Loan or LC Disbursement of any Lender or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case, without the consent of such Lender, (ii) shall amend, modify or waive any provision of this Section, Section 2.13 in a manner that would alter the pro rata sharing payments required by Section 2.13, Section 2.7(c) or 2.13 in a manner that would eliminate or limit a Lender's right to reject prepayments under Section 2.7(c), or vary any provision of this Agreement or any other Loan Document which specifically by its terms requires the approval or consent of all the Lenders or reduce the percentage specified in the definition of Required Lenders, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, or release any material portion of the Collateral (other than in accordance with the terms of the Loan Documents), in each case, without the written consent of all the Lenders, or (iii) shall amend, modify or waive any provision of Article 8 or any other provision in any Loan Document governing the rights or obligations of the Issuing Banks, the Administrative Agent or the Collateral Agent without the written consent of the then Administrative Agent, the Collateral Agent or such Issuing Bank, as applicable. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent, the Collateral Agent, the Issuing Banks and all future holders of the Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

9.2 Notice. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or, in the case of notice by mail, when received, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower or the Administrative Agent, and as set forth in Schedule I in the case of any Lender, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the amounts payable hereunder:

Borrower:

Aquila, Inc.
20 West Ninth Street
Kansas City, Missouri 64105

Attention: Treasurer
Telecopy No. (816) 467-3591

Administrative Agent: Credit Suisse First Boston
Eleven Madison Avenue
New York, New York 10010-3629
Attention: Agency Department Manager
Telecopy No.: (212) 325-8304

provided that any notice, request or demand to or upon the Administrative Agent made under this Agreement may be made by telephone, with prompt written confirmation thereafter of such telephonic notice, and the Administrative Agent shall be entitled to rely on such telephonic notice; provided, further, that any notice, request or demand to or upon the Administrative Agent and the Lenders pursuant to Section 2.3, Section 2.7, or Section 2.8, shall not be effective until received.

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans hereunder.

9.5 Payment of Expenses and Taxes; Indemnification. The Borrower agrees (a) to pay or reimburse the Arranger, the Administrative Agent and the Collateral Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the arrangement and syndication of the credit facilities provided for herein, any due diligence related hereto (including without limitation any evaluation of collateral), the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement, the Notes and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of external counsel to the Arranger, the Administrative Agent and the Collateral Agent, (b) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment or extension of any Letter of Credit or any demand for payment thereunder, (c) to pay or reimburse the Administrative Agent, the Collateral Agent, each Issuing Bank and each Lender for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes, the other Loan Documents and any such other documents, including, without limitation, the reasonable fees and disbursements of counsel (including allocated costs of internal counsel) to the Administrative Agent, the Collateral Agent, each Issuing Bank and each

Lender, (d) to pay, and indemnify and hold harmless the Administrative Agent, the Collateral Agent, each Lender and each Issuing Bank from, any and all present or future stamp, documentary or excise taxes or similar charges, any and all recording and filing fees, and any and all liabilities with respect thereto, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or payment under, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the Letters of Credit, the other Loan Documents and any such other documents, and (e) to pay, and indemnify and hold harmless the Administrative Agent, the Collateral Agent, each Lender and each Issuing Bank (including each of their respective parents, subsidiaries, officers, directors, employees, agents, trustees and attorneys-in-fact) (each such Person being called an "Indemnatee") from and against, any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, settlements, expenses or disbursements of whatever kind or nature arising from, in connection with or with respect to (i) the execution or delivery of any Loan Document or the First Mortgage Indenture or any agreement or instrument contemplated hereby or thereby, the performance by the parties to the Loan Documents or the First Mortgage Indenture of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated thereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Materials of Environmental Concern on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto (all the foregoing in this clause (e), collectively, the "indemnified liabilities"); provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such indemnified liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, willful misconduct or bad faith of such Indemnatee (or such Indemnatee's parent, subsidiaries, officers, directors, employees, agents, trustees or attorneys-in-fact). To the extent permitted by applicable law, each party hereto agrees not to assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, the First Mortgage Indenture or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof. The agreements in this Section 9.5 supercede the reimbursement and indemnification provisions in the Commitment Letter, and shall survive repayment of the Obligations hereunder.

9.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the amounts owing hereunder and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment, LC Exposure and Credit-Linked Deposit of such Lender and any other interest hereunder and under the other Loan Documents without notice to or the consent of the Borrower or the Administrative Agent. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the other Loan Documents, the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and other obligations owing to such Lender and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers (i) decreasing the amount of principal of or the rate at which interest is payable on such Loans or Notes or Credit-Linked Deposit, (ii) extending any scheduled principal payment date or date fixed for the payment of interest on such Loans or Notes or Credit-Linked Deposit, (iii) extending its Commitment or LC Exposure, (iv) permitting any assignment or transfer of any of the Borrower's rights or obligations under this Agreement) or (v) releasing all or substantially all of the Collateral. The Borrower agrees that if amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note; provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 9.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Section 2.15, Section 2.16 and Section 2.17 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; provided that, in the case of Section 2.16, such Participant shall have complied with the requirements of said Section; and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time and from time to time may assign to any Lender or any affiliate or Approved Fund thereof, or, with the consent of the Administrative Agent (which consent shall not be unreasonably withheld), to an additional bank, financial institution, fund or commingled investment vehicle, or other Person (an "Assignee") all or any pro rata portion of its rights and obligations under this Agreement and the Notes pursuant to an assignment agreement, substantially in the form of Exhibit C (or such other form approved by the Administrative Agent's in its sole

discretion) (an "Assignment and Assumption Agreement"), executed by such Assignee, such assigning Lender and, in the case of an Assignee that is not then a Lender or an affiliate or Approved Fund thereof, by the Administrative Agent and delivered to the Administrative Agent for its acceptance and recording in the Register (such Assignment and Assumption Agreement to be electronically execute and deliver to the Administrative Agent via an electronic settlement system then acceptable to the Administrative Agent (which initially shall be ClearPar, LLC) or, if no such system is then acceptable to the Administrative Agent, by manual execution and delivery); provided that (i) any such assignment must be (A) a pro rata assignment to such assignee with respect to all of its rights and interests as a Lender hereunder and (B) a pro rata assignment to such assignee with respect to all of its rights and interests as a lender under the 364-Day Credit Agreement, (ii) in a minimum amount equal to the lesser of \$1,000,000 and the aggregate Commitments and LC Exposure and outstanding Loans and Credit-Linked Deposits of such Lender then in effect unless (y) otherwise agreed to by each of the Borrower and the Administrative Agent or (z) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund of a Lender, and (iii) after giving effect to any such assignment, such Lender shall have either (x) sold all its rights and obligations hereunder and under the Notes or (y) retained at least \$1,000,000 of the aggregate Commitments and LC Exposure and outstanding Loans and Credit-Linked Deposits. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Assumption Agreement, (1) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption Agreement, have the rights and obligations of a Lender hereunder with a Commitment and LC Exposure and Loans and Credit-Linked Deposits as set forth therein and (2) the assigning Lender thereunder, to the extent provided in such Assignment and Assumption Agreement, shall be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto; provided that the provisions of Section 2.15, Section 2.16, Section 2.17 and Section 9.5 shall continue to benefit such assigning Lender to the extent required by such Sections). On or prior to the effective date determined pursuant to such Assignment and Assumption Agreement, (i) appropriate entries shall be made in the accounts of the assigning Lender and the Register evidencing such assignment and releasing the Borrower from any and all obligations to the assigning Lender in respect of the assigned Loan or Loans and Credit-Linked Deposits and (ii) appropriate entries evidencing the assigned Loan or Loans shall be made in the accounts of the Assignee and the Register as required by Section 9.6(d). In the event that any Notes have been issued in respect of the assigned Loan or Loans, such Notes shall be marked "cancelled" and surrendered by the assigning Lender to the Administrative Agent for return to the Borrower.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain, at its address referred to in Section 9.2, a copy of each Assignment and Assumption Agreement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment and LC Exposure of, and principal amount of the Loans owing to, and Credit-Linked Deposits of each Lender from time to time. To the extent permitted by applicable law, the entries in

the Register shall be conclusive, in the absence of manifest error, and the Borrower and the Administrative Agent may (and, in the case of any Loan not evidenced by a Note, shall) treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein as the owner thereof for all purposes of this Agreement and the other Loan Documents, notwithstanding notice to the contrary. Any assignment of any Loan or other obligation hereunder not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Assumption Agreement executed by the assigning Lender and an Assignee (and, in the case of an Assignee that is not then a Lender or an affiliate thereof, by the Administrative Agent) together with payment by the assigning Lender or by the Assignee to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall promptly accept such Assignment and Assumption Agreement and, on the effective date determined pursuant thereto, shall record the information contained therein in the Register and give notice of such acceptance and recordation to the Borrower.

(f) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan and Credit-Linked Deposit that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any advance hereunder, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan and Credit-Linked Deposit pursuant to the terms hereof. The making of a Loan and Credit-Linked Deposit by an SPC hereunder shall utilize the applicable Commitment and LC Exposure of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.6(f), any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans and Credit-Linked Deposits to the Granting Lender or to any financial institutions (consented to by the Borrower and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and Credit-Linked Deposits and (ii) disclose on a confidential basis any non-public

information relating to its Loans and Credit-Linked Deposits to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

(g) The Borrower authorizes the Lenders to disclose to any Participant or Assignee (each, a "Transferee") and any prospective Transferee, any and all financial information in the Lenders' possession concerning the Borrower and its respective Affiliates which has been delivered to the Administrative Agent or the Lenders by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to the Administrative Agent or the Lenders by or on behalf of the Borrower in connection with the Lender's credit evaluation of the Borrower and its respective Affiliates prior to becoming a party to this Agreement; provided that each such Transferee and prospective Transferee agrees in writing to be bound by the provisions of Section 9.8.

(h) Nothing herein shall prohibit any Lender from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law. In the case of any Lender that is a fund that invests in bank loans, such Lender may, without the consent of the Borrower or Administrative Agent, assign or pledge all or any portion of its rights under this Agreement, including the Loans and Notes or any other instrument evidencing its rights as a Lender under this Agreement, to any holder of, trustee for, or any other representative of holders of, obligations owed or securities issued, by such fund, as security for such obligations or securities; provided that any foreclosure or similar action by such trustee or representative shall be subject to the provisions of this Section 9.6 concerning assignments.

9.7 Adjustments; Setoff. (a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans and Credit-Linked Deposits, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by setoff, pursuant to events or proceedings of the nature referred to in Section 7.1(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans and Credit-Linked Deposits, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans and Credit-Linked Deposits, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) Upon the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, (without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law), upon any amount becoming due and payable by the Borrower hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise), to setoff and appropriate

and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such setoff and application.

9.8 Confidentiality. Each Lender agrees to exercise all reasonable efforts (consistent with its customary methods for keeping information confidential) to keep any information delivered or made available by the Borrower (such information, "Confidential Information") confidential from anyone other than persons employed or retained by such Lender who are or are expected to become engaged in evaluating, approving, structuring or administering the Loans; provided that nothing herein shall prevent any Lender from disclosing such information (a) to any Affiliate of such Lender or to any other Lender, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority having jurisdiction over such Lender, (d) that has been publicly disclosed, (e) in connection with any litigation relating to the Loans and Credit-Linked Deposits, this Agreement or any transaction contemplated hereby to which any Lender or the Administrative Agent may be a party, (f) to the extent reasonably required in connection with the exercise of any remedy hereunder, (g) to such Lender's legal counsel and independent auditors, and (h) to any actual or proposed participant or assignee of all or any part of its Loans hereunder, if such other Person, prior to such disclosure, agrees, in writing, for the benefit of the Borrower to comply with the provisions of this Section 9.8. Notwithstanding anything herein to the contrary, Confidential Information shall not include, and each Lender and each Agent (and each employee, representative or other agent of each Lender and each Agent) may disclose to any and all persons without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such Lender, Agent, employee, representative or other agent relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans and the transactions contemplated hereby.

9.9 Effectiveness. This Agreement shall become effective on the date when counterparts hereof executed on behalf of the Borrower, the Administrative Agent, each Lender and each Issuing Bank shall have been received by the Administrative Agent and notice thereof shall have been given by the Administrative Agent to the Borrower.

9.10 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with each of the Borrower and the Administrative Agent.

9.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.12 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent, the Lenders and the Issuing Banks with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender or Issuing Bank relative to subject matter hereof or thereof not expressly set forth or referred to herein or in the other Loan Documents. This Agreement and the other Loan Documents shall supercede the Commitment Letter in its entirety.

9.13 Governing Law. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

9.14 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be, at its address set forth in Section 9.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing contained herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

9.15 Acknowledgments. The Borrower hereby acknowledges that:

(a) Neither the Administrative Agent nor any Issuing Bank or Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent, the Lenders and the Issuing Banks, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of creditor and debtor; and

(b) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby between the Administrative Agent, the Lenders, the Issuing Banks and the Borrower.

9.16 Waivers of Jury Trial. THE BORROWER, THE ADMINISTRATIVE AGENT, THE LENDERS AND THE ISSUING BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BORROWER:

AQUILA, INC.

By: _____
Name:
Title:

ADMINISTRATIVE AGENT:

CREDIT SUISSE FIRST BOSTON,
CAYMAN ISLANDS BRANCH

By: _____
Name:
Title:

By: _____
Name:
Title:

LENDER:

CREDIT SUISSE FIRST BOSTON,
CAYMAN ISLANDS BRANCH

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE I

COMMITMENTS AND LENDING OFFICES OF LENDERS

Name and Address for Notices of Lender	Term Loan Commitment	Term Loan Percentage ¹	Total Commitment
Credit Suisse First Boston, Cayman Islands Branch Syndicated Finance Group Eleven Madison Avenue, 21 st Floor New York, NY 10010 Attention: Agency Management Dept./ Margaret Sang Tel: (212) 538-2903 Fax: (212) 325-8304	\$430,000,000.00	100.00%	\$430,000,000.00
<i>Domestic and Eurodollar Lending Offices</i>			
Credit Suisse First Boston, Cayman Islands Branch Syndicated Finance Group Eleven Madison Avenue, 21 st Floor New York, NY 10010 Attention: Agency Management Dept./ Margaret Sang Tel: (212) 538-2903 Fax: (212) 325-8304			

¹ Up to nine decimal places.

EXHIBIT A-1
TO CREDIT AGREEMENT

FORM OF NOTICE OF BORROWING

Date:

Credit Suisse First Boston,
as Administrative Agent
Eleven Madison Street
New York, New York 10010-3629
Attention: Agency Department Manager

Re: Credit Agreement dated as of April __, 2003 among Aquila, Inc., a Delaware corporation (the "Borrower"), the Lenders from time to time party thereto, and the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

Pursuant to Section 2.3 of the Credit Agreement, this Notice of Borrowing ("Notice") represents the request of the Borrower to borrow on [_____, _____] (the "Borrowing Date")² from the Lenders the principal amount of _____ DOLLARS (\$ _____) in Loans as [Alternate Base Rate Loans] [Eurodollar Loans].

1. [\$_____ of such Loans will be Eurodollar Loans.] [The initial Interest Period for such Eurodollar Loans is requested to be a [one] [two] [three] or [six] month period.]

2. Proceeds of such Loans are to be wire-transferred in accordance with the following wire instructions:

The undersigned hereby certifies that, as of the Borrowing Date, all the applicable conditions contained in Section 4.1 of the Credit Agreement have been satisfied (or waived pursuant to Section 9.1 of the Credit Agreement).

² A Notice of Borrowing must be received by the Administrative Agent prior to 10:00 a.m. (New York time) on the requested Borrowing Date.

Unless otherwise defined herein, terms defined in the Credit Agreement shall have the same meanings in this Notice.

IN WITNESS WHEREOF, the Borrower has caused this Notice to be executed and delivered by an authorized officer this _____ day of _____, _____.

AQUILA, INC.

By: _____

Name:

Title:

EXHIBIT A-2
TO CREDIT AGREEMENT

FORM OF NOTICE OF INTEREST RATE CONVERSION

Date:

Credit Suisse First Boston,
as Administrative Agent
Eleven Madison Street
New York, New York 10010-3629
Attention: Agency Department Manager

Re: Credit Agreement dated as of April __, 2003 among Aquila, Inc., a Delaware corporation (the "Borrower"), the Lenders from time to time party thereto, and the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

Ladies and Gentlemen:

The Borrower hereby gives notice pursuant to Section 2.8 of the Credit Agreement that it requests a continuation or conversion of Loans outstanding under the Credit Agreement, and in connection therewith sets forth below the terms on which such continuation or conversion is requested to be made; capitalized terms used and not defined herein shall have the meanings provided in the Credit Agreement:

The Borrower hereby requests that on _____, ____:³

(1) \$ _____ of the currently outstanding principal amount of the Loans currently being maintained as [Alternate Base Rate Loans] [[one] [two] [three] [six] month Eurodollar Loans]⁴,

(2) be [converted into] [continued as],

(3) [Eurodollar Loans having an Interest Period of [one] [two] [three] [six] months, which Interest Period will expire on _____, ____]⁵ [Alternate Base Rate Loans].

³ Conversion of Eurodollar Loans may be made only on the last day of the applicable Interest Period. A Notice of Conversion must be received by the Administrative Agent prior to 10:00 a.m. (New York City time), (x) with respect to Alternate Base Rate Loans, at least three (3) Business Days, and (y) with respect to Eurodollar Loans, at least two (2) Business Days, prior to the date of Borrower's election.

⁴ Select appropriate option.

[In the event that such Loans are to be converted into, or continued as, Eurodollar Loans, the Borrower hereby certifies in accordance with Section 2.8 of the Credit Agreement that no Event of Default has occurred and is continuing as of the date of this Notice of Interest Rate Conversion.]

IN WITNESS WHEREOF, the Borrower has caused this Notice of Interest Rate Conversion to be executed and delivered, and the certification contained herein to be made, by an authorized officer this _____ day of _____, _____.

AQUILA, INC.

By: _____

Name:

Title:

⁵ Insert appropriate interest rate option and, if applicable, number of months (for Eurodollar Loans).

EXHIBIT B
TO CREDIT AGREEMENT

FORM OF CLOSING CERTIFICATE

AQUILA, INC.

Pursuant to Section 4.1(e) of the Credit Agreement dated as of April __, 2003 among Aquila, Inc., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), and Credit Suisse First Boston, as administrative agent for the Lenders (the "Credit Agreement"; terms defined therein shall have their defined meanings when used herein), the undersigned hereby certifies that [he or she] is the _____ of the Borrower and in such capacity further certifies as follows:

1. The representations and warranties of the Borrower set forth in the Credit Agreement and each of the other Loan Documents to which the Borrower is a party, are true and correct in all material respects on and as of the date hereof.

2. The Borrower has received all documents and instruments, including all consents, authorizations and filings, required or advisable under any Requirement of Law or Contractual Obligation of the Borrower in connection with the execution, delivery, performance, validity and enforceability of the Credit Agreement, the Notes and the other Loan Documents except as expressly set forth in each document. I have examined Schedule 3.4b to the Credit Agreement and attached hereto are copies of all consents, authorizations and filings referred to in Schedule 3.4b of the Credit Agreement, which consents, authorizations and filings are in full force and effect as of the date hereof.

3. No Default or Event of Default has occurred and is continuing as of the date hereof or after giving effect to the making of the Loans on the date hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his name.

Name:

Title:

Date: [•], 2003

EXHIBIT C
TO CREDIT AGREEMENT

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the \$430 Million Credit Agreement and 364-Day Credit Agreement identified below (as amended, together with the \$430 Million Credit Agreement, as amended, the "Credit Agreements"), receipt of copies of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and each Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under each Credit Agreement and any other documents or instruments delivered pursuant thereto including any Notes to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with each Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clause (i) and (ii) above being referred to herein collectively, as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____ [and is an
Affiliate/Approved Fund⁶]
3. Borrower under \$430
Million Credit Agreement: Aquila, Inc., a Delaware corporation ("Aquila").

⁶ Select as applicable.

Borrower under 364-Day
Credit Agreement:

UtiliCorp Australia, Inc., a Delaware corporation
("UtiliCorp")

4. Administrative Agent: Credit Suisse First Boston, as the administrative agent
under the Credit Agreements

5. \$430 Million Credit
Agreement:

U.S.\$430,000,000 Credit Agreement, dated as of April 9,
2003 (as amended, restated, supplemented or otherwise
modified from time to time, the "\$430 Million Credit
Agreement"; terms defined therein being used herein as
defined therein, as applicable), among Aquila, the several
banks and other financial institutions parties thereto
(including the Lender), and the Administrative Agent

364-Day Credit
Agreement:

U.S.\$200,000,000 364-Day Credit Agreement, dated as
of April 9, 2003 (as amended, restated, supplemented or
otherwise modified from time to time, the "364-Day
Credit Agreement"; terms defined therein being used
herein as defined therein, as applicable), among
UtiliCorp, the several banks and other financial
institutions parties thereto (including the Lender), and the
Administrative Agent

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans	Amount of Commitment/Loans	Percentage Assigned of Commitment/Loans ⁷
\$430 Million Credit Agreement/Term Loan	\$ _____	\$ _____	_____ %
\$430 Million Credit Agreement /Credit- Linked Deposit	\$ _____	\$ _____	_____ %
364-Day Credit Agreement/Tranche A	\$ _____	\$ _____	_____ %
364-Day Credit Agreement/Tranche B	\$ _____	\$ _____	_____ %

⁷ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

Address for Notices for Assignee:

[Address]

Attention: _____

Telephone: _____

Telecopy: _____

Telephone

Confirmation: _____

Effective Date: _____, 20____ [TO BE INSERTED BY ADMINISTRATIVE
AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF
TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Name:

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Name:

Title:

Consented to and Accepted:

CREDIT SUISSE FIRST BOSTON,
CAYMAN ISLANDS BRANCH, as
Administrative Agent

By _____
Name:
Title:

By _____
Name:
Title:

AQUILA, INC. \$430 MILLION CREDIT AGREEMENT
UTILICORP AUSTRALIA, INC. 364-DAY CREDIT AGREEMENT
DATED AS OF APRIL 9, 2003

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ASSUMPTION AGREEMENT

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Aquila and UtiliCorp, any of their respective Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Aquila and UtiliCorp, any of their respective Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 3.1 of each Credit Agreement, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of each Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

SCHEDULE I
TO CREDIT AGREEMENT

COMMITMENTS AND LENDING OFFICES OF LENDERS

Name and Address for Notices of Lender	Term Loan Commitment	Term Loan Percentage⁸	Total Commitment
Credit Suisse First Boston, Cayman Islands Branch Syndicated Finance Group Eleven Madison Avenue, 21 st Floor New York, NY 10010 Attention: Agency Management Dept./ Margaret Sang Tel: (212) 538-2903 Fax: (212) 325-8304	\$430,000,000.00	100.00%	\$430,000,000.00

Domestic and Eurodollar Lending Offices

Credit Suisse First Boston, Cayman Islands Branch
Syndicated Finance Group
Eleven Madison Avenue, 21st Floor
New York, NY 10010
Attention: Agency Management
Dept./ Margaret Sang
Tel: (212) 538-2903
Fax: (212) 325-8304

⁸ Up to nine decimal places.

SCHEDULE 3.4(a)
TO CREDIT AGREEMENT

First Mortgage Approvals

1. June 7, 2002 order of the Federal Energy Regulatory Commission ("FERC") in FERC Docket No. ES02-38-000, UtiliCorp United Inc., 99 FERC 62,165 (2002).
2. Decision No. C03-0299, effective as of March 25, 2003, of the Public Utilities Commission of the State of Colorado in Docket No. 03A-071SEG.

SCHEDULE 3.4(b)
TO CREDIT AGREEMENT

Required Consents of Governmental Authorities

1. June 7, 2002 order of the Federal Energy Regulatory Commission ("FERC") in FERC Docket No. ES02-38-000, UtiliCorp United Inc., 99 FERC 62,165 (2002).
2. Decision No. C03-0299, effective as of March 25, 2003, of the Public Utilities Commission of the State of Colorado in Docket No. 03A-071SEG.

SCHEDULE 3.9
TO CREDIT AGREEMENT

Name of Subsidiary of the Borrower	Parent Company	Issued and Outstanding Capital Stock	Voting Capital Stock	Percentage of Voting Capital Stock Owned by the Borrower
UtilCo Group, Inc.	Aquila Merchant Services, Inc. ⁹	100 common shares	100 common shares	100%
MEP Holdings, Inc.	UtilCo Group, Inc.	1,000 common shares	1,000 common shares	100%
MEP Investments, LLC	MEP Holdings, Inc.	100 units	100 units	100%
Aquila Networks Canada Finance L.P.	Aquila Networks Canada Holdings Corp.	[TBD]	[TBD]	100%
Aquila Networks Canada Finance L.P.	ANCMC	[TBD]	[TBD]	100%
ANCMC	ANCFC	56 Class A Common Shares	56 Class A Common Shares	100%
Aquila Networks Canada Holdings Corp.	ANCMC	3 Class A Common Shares	3 Class A Common Shares	100%
Missouri Public Service Company	The Borrower	145 common shares	145 common shares	100%
Missouri Public Service Company	Aquila Networks Canada Holdings, Inc.	145 common shares	145 common shares	100%
Aquila Networks Canada Corp.	The Borrower	1,095 common shares	1,095 common shares	100%
Aquila Networks Canada Corp.	Aquila Networks Canada Holdings, Inc.	1,095 common shares	1,095 common shares	100%
Aquila Networks British Columbia Ltd.	Aquila Networks Canada Corp.	1 common share 88,199 Redeemable Preferred Shares	1 common share	100%

⁹ Aquila Merchant Services, Inc. is the only Subsidiary of the Borrower that constitutes a Material Subsidiary based on the asset-based test enumerated in the definition of "Material Subsidiary". The other Material Subsidiaries listed in this chart constitute Material Subsidiaries solely because they are Collateral Subsidiaries.

Name of Subsidiary of the Borrower	Parent Company	Issued and Outstanding Capital Stock	Voting Capital Stock	Percentage of Voting Capital Stock Owned by the Borrower
Aquila Networks Canada (British Columbia) Ltd.	Aquila Networks British Columbia Ltd.	173,880 common shares 20,000 Series 1 Preferred Shares	173,880 common shares	100%
Walden Power Partnership	Aquila Networks Canada (British Columbia) Ltd.	1 Class A General Partnership Unit	1 Class A General Partnership Unit	100%
Walden Power Partnership	West Kootenay Power Ltd.	1 Class B General Partnership Unit	1 Class B General Partnership Unit	100%
West Kootenay Power Ltd.	Aquila Networks Canada (British Columbia) Ltd.	1 common share	1 common share	100%
ESI – Power Walden Corporation	Aquila Networks Canada (British Columbia) Ltd.	2 common shares 1,000 Preferred Shares	2 common shares	100%
Kootenay River Power Corporation	Aquila Networks Canada (British Columbia) Ltd.	1 common share	1 common share	100%
Aquila Networks Technology Services Canada Corp.	Aquila Networks Canada Corp.	[TBD]	[TBD]	100%
Aquila Canada Corp.	Aquila Networks Canada Corp.	[TBD]	[TBD]	100%
Aquila Networks Canada Ltd.	Aquila Networks Canada Corp.	100 common shares	100 common shares	100%
Aquila Networks Canada Ltd.	Aquila Canada Corp.	327 Third Preferred Shares 341,350,685 Fourth Preferred Shares	327 Third Preferred Shares 341,350,685 Fourth Preferred Shares	100%
Aquila Networks Canada Ltd.	Aquila Networks British Columbia Ltd.	45,000 First Preferred Shares	45,000 First Preferred Shares	100%
Aquila Networks Canada (Alberta) Ltd.	Aquila Networks Canada Ltd.	63 Class A Common Shares	63 Class A Common Shares	100%

Disclosure:

Capital Securities. Securities issued by ANCMC pursuant to that certain C\$300,000,000 Debenture due 2011 made by ANCMC, dated June 20, 2001, which is presently held by ANCFC.

SCHEDULE 6.10
TO CREDIT AGREEMENT

Debt and Mandatory Redeemable Stock

Aquila Long-Term Debt Position April-03							
LONG-TERM DEBT	ISSUE DATE YR/MO/DAY	DUE DATE YR/MO/DAY	INTEREST RATE	Current Outstanding (LC)	FX rate	AMOUNT OUTSTANDING	
PNG Office Building (Fountain, CO)	December 1, 1999	December 1, 2003	11.500%			316,355	
SJLP FMB	February 1, 1991	February 1, 2021	9.440%			20,250,000	
Total Networks Long-Term Debt						20,566,355	
Merchant:							
Raccoon Creek (A, B and C notes)	November 3, 2000	November 3, 2003	8.470%			78,428,087	
Goose Creek (A1, A2, B1, B2, C1 and C2 notes)	May 16, 2002	May 16, 2005	6.440%			77,349,679	*
Total Merchant Long-Term Debt						155,777,766	
Parent:							
Senior Notes	July 14, 1999	July 15, 2004	7.000%			250,000,000	
Senior Notes	October 7, 1997	October 1, 2004	6.875%			150,000,000	
SJLP Unsecured MTN	March 15, 1995	March 15, 2005	8.360%			20,000,000	
Senior Notes	March 31, 1999	December 1, 2005	9.030%			20,232,000	
Senior Notes	October 17, 1996	October 15, 2006	6.700%			85,900,000	
Senior Notes	January 29, 1992	January 15, 2007	8.200%			36,905,000	
Senior Notes	November 15, 1999	November 15, 2009	7.625%			200,000,000	
Sanwa Bus CC	December 9, 1995	December 9, 2009	6.990%			5,069,162	
Senior Notes	February 1, 2001	February 1, 2011	9.450%			250,000,000	
Debentures	July 24, 1986	July 1, 2011	6.625%			3,543,000	
Senior Notes	July 3, 2002	July 1, 2012	14.375%			500,000,000	
SJLP Unsecured Pollution Control Bonds	June 4, 1995	February 1, 2013	5.850%			5,600,000	
SJLP Unsecured MTN	November 30, 1993	November 29, 2013	7.160%			9,000,000	
SJLP Unsecured MTN	November 30, 1993	November 29, 2013	7.130%			1,000,000	
Senior Notes	March 31, 1999	November 15, 2021	8.270%			80,850,000	
Senior Notes	November 25, 1991	November 15, 2021	9.000%			5,000,000	
Senior Notes	March 3, 1993	March 1, 2023	8.000%			51,500,000	
SJLP Unsecured MTN	November 30, 1993	November 30, 2023	7.330%			3,000,000	
SJLP Unsecured MTN	December 6, 1993	December 1, 2023	7.170%			7,000,000	
Wamego Ser.1996	March 1, 1996	March 1, 2026	1.200%			7,300,000	
State Envi.1993	May 26, 1993	May 1, 2028	1.250%			5,000,000	
Senior Notes (Retail QUIBS)	February 28, 2002	March 1, 2032	7.875%			287,500,000	
Total ILA Parent Long-Term Debt						1,984,399,162	
Everest							
ExOp of Missouri - Auto Loans	July 28, 1999	October 13, 2004	11.500%			28,000	
ExOp of Missouri - Building Loans	March 24, 1999	March 24, 2004	8.840%			181,000	
ExOp of Missouri - Liberty Building Note	April 17, 2002	July 6, 2007	5.750%			700,000	
Total Everest Debt						909,000	
Canada:							
UNCL Bank Facility	June 5, 2001	April 12, 2003	4.973%	124,000,000	0.6813	84,481,200	
Farmer Electric Services Ltd	January 1, 2000	December 31, 2003	6.500%	2,050,000	0.6813	1,396,665	
ANCA Securitization	August 15, 2002	February 15, 2004	3.458%	133,977,160	0.6813	91,278,639	
ANCB C\$20m Evergreen Facility	May 30, 2002	May 29, 2005	3.700%	19,990,000	0.6813	13,619,187	
WKP Series J	July 19, 2002	July 31, 2009	6.750%	50,000,000	0.6813	34,065,000	
WKP Series E	January 9, 1990	December 1, 2009	11.000%	8,250,000	0.6813	5,620,725	
UCFC 7.75% Senior Notes	June 20, 2001	June 15, 2011	7.750%			200,000,000	
WKP Series F	October 19, 1992	October 16, 2012	9.650%	15,000,000	0.6813	10,219,500	
Walden Mortgage Loan	December 1, 1994	August 31, 2013	9.440%	7,735,050	0.6813	5,269,890	
WKP Series H	March 1, 1996	February 1, 2016	8.770%	25,000,000	0.6813	17,032,500	
WKP Series I	April 1, 1997	December 1, 2021	7.810%	25,000,000	0.6813	17,032,500	
WKP Series G	August 25, 1993	August 28, 2023	8.800%	25,000,000	0.6813	17,032,500	
Total Canadian Long-term Debt:				436,002,210		497,048,306	
United Kingdom:							
Aquila Europe Inc	May 8, 2002	May 8, 2008	8.150%			87,436,451	
Total UK Long-term Debt:				0		87,436,451	
TOTAL AQUILA LONG-TERM DEBT						2,746,137,040	

