

Form 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 1996

OR

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

For the transition period from to

Commission file number 1-707

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

Missouri
(State or other jurisdiction of
incorporation or organization)

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

1201 Walnut, Kansas City, Missouri 64106-2124
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ()

The number of shares outstanding of the registrant's Common stock at May 3, 1996 was 61,902,083 shares.

PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(thousands of dollars)

	March 31 1996	December 31 1995
ASSETS		
UTILITY PLANT, at original cost		
Electric	\$3,399,478	\$3,388,538
Less-accumulated depreciation	1,177,540	1,156,115
Net utility plant in service	2,221,938	2,232,423
Construction work in progress	86,138	72,365
Nuclear fuel, net of amortization of \$82,649 and \$81,452	54,422	54,673
Total	2,362,498	2,359,461
REGULATORY ASSET - DEFERRED WOLF CREEK COSTS	6,660	8,880
REGULATORY ASSET - RECOVERABLE TAXES	123,000	123,000
INVESTMENTS AND NONUTILITY PROPERTY	188,059	166,751
CURRENT ASSETS		
Cash and cash equivalents	28,749	28,390
Customer accounts receivable, net of allowance for doubtful accounts of \$1,376 and \$1,574	25,696	32,830

Other receivables	21,162	31,838
Fuel inventories, at average cost	17,020	22,103
Materials and supplies, at average cost	45,672	47,175
Deferred income taxes	884	5,947
Other	3,380	5,179
Total	142,563	173,462
DEFERRED CHARGES		
Regulatory assets		
Settlement of fuel contracts	12,197	13,007
KCC Wolf Creek carrying costs	3,420	4,104
Other	20,716	21,231
Other deferred charges	17,338	12,610
Total	53,671	50,952
Total	\$2,876,451	\$2,882,506
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock-authorized 150,000,000 shares without par value-61,908,726 shares issued- stated value	\$449,697	\$449,697
Retained earnings	449,377	449,966
Capital stock premium and expense	(1,714)	(1,725)
Common stock equity	897,360	897,938
Cumulative preferred stock	89,000	89,000
Cumulative redeemable preferred stock	1,276	1,436
Long-term debt	841,040	835,713
Total	\$1,828,676	\$1,824,087
CURRENT LIABILITIES		
Notes payable to banks	3,000	0
Commercial paper	7,000	19,000
Current maturities of long-term debt	80,303	73,803
Accounts payable	52,041	52,506
Accrued taxes	41,269	39,726
Accrued interest	21,791	16,906
Accrued payroll and vacations	20,045	22,764
Accrued refueling outage costs	557	13,563
Other	11,134	11,787
Total	237,140	250,055
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	649,042	648,374
Deferred investment tax credits	70,246	71,270
Other	91,347	88,720
Total	810,635	808,364
COMMITMENTS AND CONTINGENCIES		
Total	\$2,876,451	\$2,882,506

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

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(thousands of dollars)

	Year to Date March 31		Twelve Months Ended March 31	
	1996	1995	1996	1995
ELECTRIC OPERATING REVENUES	\$ 206,624	\$ 198,906	\$ 893,673	\$ 867,883
OPERATING EXPENSES				
Operation				
Fuel	30,773	34,719	135,425	131,816
Purchased power	13,985	6,732	46,036	34,179
Other	43,499	44,445	177,653	188,187
Maintenance	18,029	20,678	75,790	74,330
Depreciation	24,716	24,139	97,802	95,169
Taxes				
Income	13,413	11,617	78,858	75,818
General	24,361	23,857	97,325	96,751
Deferred Wolf Creek costs amortization	2,904	3,276	12,235	13,102
Total	171,680	169,463	721,124	709,352
OPERATING INCOME	34,944	29,443	172,549	158,531
OTHER INCOME				
Allowance for equity funds used during construction	660	235	2,704	1,849
Miscellaneous income	741	8,241	1,123	9,865
Miscellaneous deductions	(3,785)	(1,673)	(13,213)	(7,579)
Income taxes	6,221	(336)	16,816	4,157
Total	3,837	6,467	7,430	8,292
INCOME BEFORE INTEREST CHARGES	38,781	35,910	179,979	166,823
INTEREST CHARGES				
Long-term debt	13,424	12,333	53,275	45,915
Short-term debt	118	620	687	1,452
Miscellaneous	1,106	618	3,600	3,558
Allowance for borrowed funds used during construction	(390)	(548)	(1,805)	(1,873)
Total	14,258	13,023	55,757	49,052
PERIOD RESULTS				
Net income	24,523	22,887	124,222	117,771
Preferred stock dividend requirements	957	1,026	3,942	3,676
Earnings available for common stock	23,566	21,861	120,280	114,095
Average number of common shares outstanding	61,902	61,902	61,902	61,902
Earnings per common share	\$0.38	\$0.35	\$1.94	\$1.84
Cash dividends per common share	\$0.39	\$0.38	\$1.55	\$1.51

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

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of dollars)

	Year to Date		Twelve Months Ended	
	March 31		March 31	
	1996	1995	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 24,523	\$ 22,887	\$124,222	\$117,771
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	24,716	24,139	97,802	95,169
Amortization of:				
Nuclear fuel	1,197	3,412	12,464	10,959
Deferred Wolf Creek costs	2,904	3,276	12,235	13,102
Other	1,409	2,028	7,533	8,989
Deferred income taxes (net)	5,731	(4,815)	7,278	15,283
Deferred investment tax credit amortization and reversals	(1,024)	(8,352)	(4,242)	(11,611)
Deferred merger costs	(5,383)	0	(5,383)	0
Allowance for equity funds used during construction	(660)	(235)	(2,704)	(1,849)
Cash flows affected by changes in:				
Receivables	17,810	10,122	(9,863)	117
Fuel inventories	5,083	(4,497)	4,047	(7,723)
Materials and supplies	1,503	86	(805)	(41)
Accounts payable	(465)	(31,656)	10,211	5,570
Accrued taxes	1,543	33,669	(17,084)	18,307
Accrued interest	4,885	(2,183)	11,765	1,215
Wolf Creek refueling outage accrual	(13,006)	3,180	(4,743)	(5,075)
Pension and postretirement benefit obligations	(519)	(2,405)	(2,290)	13,807
Other operating activities	1,878	(6,661)	12,864	(6,185)
Net cash from operating activities	72,125	41,995	253,307	267,805
CASH FLOWS FROM INVESTING ACTIVITIES				
Utility capital expenditures	(29,549)	(26,657)	(136,962)	(122,474)
Allowance for borrowed funds used during construction	(390)	(548)	(1,805)	(1,873)
Purchases of investments	(17,589)	(6,455)	(67,893)	(68,278)
Other investing activities	(1,804)	3,306	3,936	9,616
Net cash used in investing activities	(49,332)	(30,354)	(202,724)	(183,009)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of long-term debt	11,827	4,163	118,719	99,034
Repayment of long-term debt	0	0	(33,428)	(74,250)
Net change in short-term borrowings	(9,000)	9,500	(31,500)	3,500
Dividends paid	(25,112)	(24,545)	(99,925)	(97,074)
Other financing activities	(149)	490	2,834	19
Net cash used in financing activities	(22,434)	(10,392)	(43,300)	(68,771)
NET CHANGE IN CASH AND CASH EQUIVALENTS	359	1,249	7,283	16,025
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,390	20,217	21,466	5,441
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$28,749	\$21,466	\$28,749	\$21,466
CASH PAID DURING THE PERIOD FOR:				
Interest (net of amount capitalized)	\$8,962	\$14,808	\$42,354	\$45,561
Income taxes	\$5,072	\$3,975	\$68,150	\$50,597

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

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(thousands of dollars)

	Year to Date		Twelve Months Ended	
	March 31		March 31	
	1996	1995	1996	1995
Beginning balance	\$449,966	\$426,738	\$425,080	\$404,383
Net income	24,523	22,887	124,222	117,771
Dividends declared	474,489	449,625	549,302	522,154
	25,112	24,545	99,925	97,074
Ending balance	\$449,377	\$425,080	\$449,377	\$425,080

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

KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

In management's opinion, the consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. These statements and notes should be read in connection with the financial statements and related notes included in our 1995 annual report on Form 10-K.

1. AGREEMENT AND PLAN OF MERGER WITH UTILICORP UNITED INC.

On January 19, 1996, KCPL, UtiliCorp United Inc. (UtiliCorp) and KC United Corp. (KCU) entered into an Agreement and Plan of Merger (the Merger Agreement) which provides for a strategic business combination of KCPL and UtiliCorp in a "merger-of-equals" transaction (the Transaction). Pursuant to the Merger Agreement, KCPL and UtiliCorp will merge with and into KCU (which may be renamed at the discretion of KCPL and UtiliCorp), a corporation formed for the purpose of effecting the Transaction. Under the terms of the Merger Agreement, each share of KCPL common stock will be exchanged for one share of KCU common stock and each share of UtiliCorp common stock will be exchanged for 1.096 shares of KCU common stock. Based on the number of shares of KCPL common stock and UtiliCorp common stock outstanding on the date of the Merger Agreement, KCPL's common shareholders will receive about 55% of the common equity of KCU and UtiliCorp's common shareholders will receive about 45%. KCPL has agreed under the Merger Agreement to call for redemption before the consummation of the Transaction all of its outstanding shares of preferred stock at the applicable redemption prices therefore, together with all dividends accrued and unpaid through the applicable redemption dates.

On May 6, 1996, KCPL and UtiliCorp announced that they will recommend an annual dividend of \$1.85 per common share for KCU.

The Transaction is designed to qualify as a pooling of interests for accounting and financial reporting purposes. Under this method, the recorded assets and liabilities of KCPL and UtiliCorp would be carried forward to the consolidated balance sheet of KCU at their recorded amounts. The income of KCU would include the combined income of KCPL and UtiliCorp as though the Transaction occurred at the beginning of the accounting period. Prior period financial statements would be combined and presented as those of KCU.

The Transaction will create a diversified energy company serving about 2.5 million customers in the United States, Canada, the United Kingdom, New Zealand, Australia, China and Jamaica. The business of the combined companies will consist of electric utility operations, gas utility operations and various nonutility enterprises including independent power projects, and gas marketing, gathering and processing operations. See Part II, Item 5 for the pro forma combined condensed financial statements of KCU.

The Transaction is subject to approval by each company's shareholders and a number of regulatory authorities. The regulatory approval process is expected to take about 12 to 18 months. The Merger Agreement includes termination provisions which may require certain payments, up to \$58 million, to the other party to the Transaction under certain circumstances, including a payment of \$58 million if the Transaction is terminated by a party and within two and one-half years following such termination, the terminating party agrees to consummate or consummates certain business combination transactions.

During the first quarter of 1996, \$5.4 of merger-related costs were deferred by KCPL for post-merger amortization in accordance with future regulatory approval.

2. CONDITIONAL HOSTILE BID BY WESTERN RESOURCES, INC.

On April 14, 1996, Western Resources, Inc. (Western Resources) delivered to KCPL's Board of Directors an unsolicited proposal (the Western Resources Proposal). In the proposal, Western Resources would acquire all of the outstanding shares of KCPL common stock in exchange for less than a full share of Western Resources common stock. The exchange ratio would be subject to a collar which prevents the exchange ratio from being less than 0.833 or more than 0.985. The effect of the collar would be that each share of KCPL common stock accepted for exchange pursuant to the Western Resources Proposal would be exchanged for \$28 of Western Resources common stock so long as the market price of the Western Resources common stock was between \$28.43 per share and \$33.61 per share. If the market price falls below \$28.43, each share of KCPL common stock would be exchanged for 0.985 shares of Western Resources common stock, and if the market price rises above \$33.61, each share of KCPL common stock would be exchanged for 0.833 shares of Western Resources common stock. On April 12, 1996, the last trading day before the announcement of the Western Resources Proposal, the closing price of Western Resources common stock was \$29.125. Shortly after delivery of the Western Resources Proposal, Western Resources publicly announced its unsolicited merger proposal.

On April 21, 1996, based upon the presentations given, advice received and considerations discussed at the Board meeting, the KCPL Board determined that further exploration of the Western Resources Proposal was not in the best interests of KCPL, its shareholders, employees or its customers. Also on that date, the KCPL Board reaffirmed its approval of the Merger with UtiliCorp. On April 22, 1996, KCPL notified Western Resources of its decision.

On April 22, 1996, Western Resources announced that it intended to commence an unsolicited exchange offer, and that it had filed preliminary proxy materials for use in soliciting proxies from KCPL common shareholders in opposition to the approval and adoption of the Transaction with UtiliCorp, the Merger Agreement and the transactions contemplated thereby. On the same day, Western Resources filed a registration statement on Form S-4 which included a preliminary prospectus (the Western Resources Preliminary Prospectus) relating to Western Resources' unsolicited offer to exchange each outstanding share of KCPL common stock for an amount of Western Resources common stock under terms substantially the same as the Western Resources Proposal. According to the Western Resources Preliminary Prospectus, Western Resources intends, as soon as practicable after consummation of the Proposed Western Resources Offer, to seek to merge KCPL with and into itself pursuant to applicable law.

On May 6, 1996, Western Resources announced an increase in the minimum number of shares of Western Resources common stock KCPL shareholders would receive for each share of KCPL common stock pursuant to the Western Resources Proposal from 0.833 to 0.91. The maximum number was not changed.

Western Resources' proposed exchange offer is subject to numerous conditions, including the tender of at least 90% of the outstanding shares of KCPL common stock, the availability of pooling of interests accounting, obtaining shareholder and regulatory approvals, and being in compliance with certain laws that may prohibit the transaction as proposed.

The costs being incurred in connection with this unsolicited proposal, including the costs to inform KCPL shareholders of the reasons why KCPL rejected this offer, will be expensed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REGULATION AND COMPETITION

As competition develops throughout the electric utility industry, we are positioning Kansas City Power & Light Company (KCPL) to excel in an open market. We're improving the efficiency of KCPL's core utility operations and creating growth through its unregulated subsidiary. As competition presents new opportunities, we will also consider various strategies including partnerships, acquisitions, combinations, additions to or dispositions of service territory, and restructuring of wholesale and retail businesses. See Note 1 to the Consolidated Financial Statements regarding the Agreement and Plan of Merger with UtiliCorp United Inc. and Note 2 regarding the hostile takeover attempt by Western Resources.

Competition in the electric utility industry was accelerated with the

National Energy Policy Act of 1992. This gave the Federal Energy Regulatory Commission (FERC) the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). In response to FERC's new comparability standard, KCPL, already active in the wholesale wheeling market, was one of the first utilities to obtain FERC's acceptance of an open-access, wholesale transmission tariff. On April 24, 1996, FERC issued an order requiring filing and compliance with a standard transmission service tariff for all owners of transmission facilities.

Certain state commissions are also actively considering an open access requirement for utilities providing retail electric service, under which competing suppliers would gain access to their retail customers (retail wheeling). However, this may be preempted by provisions of the Federal Power Act or by state laws. If allowed, retail wheeling would provide growth opportunities for low-cost producers and risks for higher-cost producers, especially those with large industrial customers. The loss of major customers could result in under-utilized assets and place a costly burden on the remaining customer base or shareholders if an adequate departure fee is not assessed to the lost customer.

Although the Missouri and Kansas commissions have not permitted retail wheeling, we believe KCPL is positioned well to compete in an open market with its diverse customer mix and pricing strategies. About 22% of KCPL's retail mwh sales are to industrial customers compared to the utility average of about 35%. KCPL has a flexible rate structure with industrial rates that are competitively priced within our region. In addition, long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales.

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

NONREGULATED OPPORTUNITIES

In 1992 we formed KLT Inc., a wholly-owned subsidiary to pursue nonregulated, primarily energy-related business ventures designed to supplement the growth from the electric utility operations. We had a total equity investment in KLT of \$46 million as of March 31, 1996, and expect that investment to grow to about \$165 million within the next five years. KLT's strategy capitalizes on new market opportunities by combining our expertise in energy-related fields with the knowledge of our joint venture partners.

KLT has grown steadily since inception. Consolidated assets at March 31, 1995, totaled \$178 million. KLT continues to develop existing ventures in domestic and international nonregulated power production, energy services, oil and gas reserves, and affordable housing limited partnerships. Within the next five years, we expect total subsidiary assets will exceed \$500 million, generated through the \$165 million of equity investment, subsidiary retained earnings and borrowings.

RESULTS OF OPERATIONS

Three-month period: three months ended March 31, 1996, compared to three months ended March 31, 1995

Twelve-month period: twelve months ended March 31, 1996, compared to twelve months ended March 31, 1995

EARNINGS OVERVIEW

EPS for the three-month period increased to \$0.38 from \$0.35. Improved weather and load growth in the current period resulted in higher earnings, despite higher nuclear refueling costs in the current period and the \$0.08 per share gain on the sale of railcars in the prior period (reduced to \$0.05 per share in the third quarter of 1995).

EPS for the twelve-month period increased to \$1.94 from \$1.84. The 1995 period reflects an \$0.08 per share charge for the 1994 early retirement plan offset by the gain on the sale of railcars. The current period reflects several charges that reduced earnings. These include the reduction of the railcar gain, decreased bulk power sales, higher fuel and purchased power costs caused by a forced outage at a coal plant, and KCPL's share of Wolf Creek Generating Station's (Wolf Creek) voluntary early retirement program costs. Despite these charges, favorable weather and load growth in the current period resulted in improved earnings.

MEGAWATT-HOUR (MWH) SALES AND OPERATING REVENUES

Sales and revenue data:

	Increase (Decrease) from Prior Year			
	Three-Month Period		Twelve-Month Period	
	Mwh	Revenues (millions)	Mwh	Revenues (millions)
Retail sales:				
Residential	11%	\$ 6	9%	\$ 22
Commercial	5%	4	3%	11
Industrial	3%	2	0%	2
Other	(6%)	-	(6%)	-
Total retail	6%	12	4%	35
Sales for resale:				
Bulk power sales	(26%)	(4)	(17%)	(12)
Other	6%	-	(1%)	-
Total		8		23
Other revenues		-		3
Total electric operating revenues		\$ 8		\$ 26

During April and May of 1995, the classification of about 600 net commercial customers was changed to industrial to more appropriately reflect their business operations. This change results in the reclassification of about \$690,000 (10,300 mwh sales) from commercial to industrial in each subsequent month. Prior periods have not been restated.

Continued load growth and more favorable weather boosted retail mwh sales and revenues during the three- and twelve-month periods.

KCPL has long-term sales contracts with certain major industrial customers. These contracts are tailored to meet customers' needs in exchange for their long-term commitment to purchase energy. Long-term contracts are now in place for a large portion of KCPL's industrial sales and additional contracts are under negotiation. Overall, these contracts tend to reduce the average mwh price of industrial sales. Although the twelve-month period reflects more of these contracts, this revenue reduction was offset by the reclassification of customers discussed above.

Although retail revenues increased in the current operating periods, customer accounts receivable decreased since December 31, 1995, due to higher billed and estimated unbilled sales in December 1995 versus March 1996.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. Wolf Creek's spring 1996 refueling outage (see Wolf Creek section) contributed to lower bulk power sales in the current periods. A combination of conditions in 1994 allowed KCPL to benefit from record bulk power sales in that year, boosting bulk power sales for the prior twelve-month period. Lower bulk power sales in March 1996 also resulted in a decrease in other receivables since December 31, 1995.

Total revenue per mwh sold varies with changes in the mix of mwh sales among customer classifications and the effect of declining price per mwh as usage increases. An automatic fuel adjustment provision is included in only sales for resale tariffs, which apply to less than 1% of revenues. KCPL's current rates allow for the recovery of Deferred Wolf Creek Cost amortization. The amortization of this regulatory asset ends during 1996 and could result in future rate adjustments.

Future mwh sales and revenues per mwh will also be affected by national and local economies, weather and customer conservation efforts. Competition, including alternative sources of energy such as natural gas, cogeneration, IPPs and other electric utilities, may also affect future sales and revenue.

FUEL AND PURCHASED POWER

Combined fuel and purchased power expenses increased 8% for the three-month period despite a 4% decrease in total mwh sales (total of retail and sales for resale). This increase is due in part to additional replacement power expense for Wolf Creek's spring 1996 refueling outage which began one month early and lasted 19 days longer than planned (see Wolf Creek section). The three-month period also reflects an increase in capacity purchases. KCPL has entered into capacity purchase contracts to provide a cost-effective alternative to constructing new capacity.

Combined fuel and purchased power expenses increased 9% for the twelve-month period despite a 2% decrease in total mwh sales. In addition to an increase in capacity purchases, the following items impacted fuel and purchased power expenses for the twelve-month period.

During July 1995, a fire forced an outage at LaCygne I, a low-cost, coal-fired generating unit. We replaced the power by increasing the usage of higher-cost, coal-fired units and purchasing power on the wholesale market. Damage to the unit was covered by insurance, but uninsured, incremental fuel and purchased power costs were about \$4 million.

A \$3 million difference in coal inventory adjustments caused an increase in fuel costs.

Replacement power expenses associated with Wolf Creek refueling outages (see Wolf Creek section) increased \$2 million reflecting a longer outage in the first quarter of 1996 compared with the outage completed the fourth quarter of 1994.

While nuclear fuel costs remain substantially less than the price of coal, the cost of nuclear fuel increased 10%. Nuclear fuel costs averaged 46% of the price of coal during the current twelve months compared with 42% during the prior twelve-month period. We expect this relationship to steadily increase to around 55% to 60% by 1998 and remain in that range through the year 2000. During both twelve-month periods, coal represented about 75% of generation and nuclear fuel about 25%.

The cost of coal burned remained comparable with the prior periods. Our coal procurement strategies continue to provide coal costs well below the regional average. We expect to maintain coal costs at or below 1995 levels through the year 2000.

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined other operation and maintenance expenses for the twelve-month period decreased mainly due to the 1994 voluntary early retirement program costs recorded in the prior period and the related savings realized in the current period. Of the \$22.5 million in total program costs, \$8.0 million was recorded during the prior twelve-month period. KCPL's \$2 million share of Wolf Creek's voluntary early retirement program recorded in the current twelve-month period partially offset these decreases. Similar to KCPL's program, this charge is expected to be recovered within two years through reduced salaries and benefits.

We continue to emphasize new technologies, improved methods and cost control. We are changing processes to provide increased efficiencies and improved operations. Through the use of cellular technology, a majority of customer meters will be read automatically by the end of 1996. These types of changes have allowed us to assimilate work performed by those who elected to take part in the early retirement program.

OTHER INCOME AND DEDUCTIONS

Miscellaneous income for the prior three- and twelve-month periods includes an \$8 million gain from the sale of steel railcars which were replaced by leased aluminum cars. Aluminum cars are lighter-weight and offer more coal capacity per car contributing to lower delivered coal prices. The current twelve-month period includes an adjustment to reduce this gain to \$5 million. The adjustment was based on a re-calculation of the cars' net cost. The remaining increase in the twelve-month period mainly reflects increases in interest and dividend income.

Subsidiary operations are included in miscellaneous income, miscellaneous deductions and income taxes. Miscellaneous deductions for the three- and twelve-month periods reflect increased subsidiary operating expenses. Miscellaneous deductions for the twelve-month period also reflect an increase in charitable contributions to local organizations and increased fees related to the sale of customer accounts receivable.

During the first quarter of 1996 we accrued tax credits of \$3 million, or one-fourth of the total expected 1996 credits, related to affordable housing partnership investments and oil and gas investments. This is an increase of \$2 million compared with the tax credits accrued during the first quarter of 1995. For the twelve-month period, total accrued tax credits increased by \$5 million. Both periods also reflect the 1995 income tax expense related to the gain on the sale of railcars. Non-taxable increases in the cash surrender value of corporate-owned life insurance contracts also affect the relationship between miscellaneous deductions and income taxes.

INTEREST CHARGES

The increase in long-term interest expense for the three-month period reflects an increase in the average outstanding balance of subsidiary debt. About one-half of this increase is related to investments in affordable housing partnerships. The tax benefits provided by these investments more than offset the related interest expense.

The increase in long-term interest expense for the twelve-month period reflects an increase in the weighted-average interest rates and an increase in the average outstanding balance of long-term debt. The higher average level of outstanding debt is mainly due to subsidiary investments including affordable housing partnerships.

WOLF CREEK

Wolf Creek is one of KCPL's principal generating units representing about 18% of accredited generating capacity. The plant's operating performance has remained strong, contributing about 25% of annual mwh generation while operating, on average, above 80% of capacity over the last three years. It has the lowest fuel cost of any of KCPL's generating units. During 1994, the unit completed its seventh scheduled refueling and maintenance outage in only 47 days, a plant record.

Wolf Creek's eighth scheduled refueling and maintenance outage began in early February 1996 and was completed in April 1996 (64 days). The incremental operating, maintenance and replacement power costs are accrued evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the accrual and related deferred tax asset are relieved. Although this outage was scheduled during the first quarter of 1996, it started one month early when the plant was shut-down to correct a water pump problem. This extended the length of the outage and is the primary reason for a \$2 million increase in Wolf Creek related replacement power and maintenance expenses for the three-month period.

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

Ownership and operation of a nuclear generating unit exposes KCPL to potential retrospective assessments and property losses in excess of insurance coverage.

CAPITAL REQUIREMENTS AND LIQUIDITY

As of March 31, 1996, the liquid resources of KCPL included cash flows from operations, \$98 million of registered but unissued medium-term notes, and \$136 million of unused bank lines of credit.

KCPL continues to generate positive cash flows from operating activities, although individual components of working capital will vary with normal business cycles and operations including the timing of receipts and payments. The fluctuations in deferred income taxes, investment tax credits and accrued taxes result mainly from the first quarter 1995 settlement of the Internal Revenue Service audit and the timing of the Wolf Creek refueling outage.

During the twelve months ended March 31, 1996, KCPL's dividend payout ratio was 80%. Cash flows from operating activities were sufficient to cover dividend payments and utility construction expenditures. Day-to-day operations, utility construction requirements and dividends are expected to be met with internally-generated funds. Uncertainties affecting our ability to meet these requirements with internally-generated funds include the effect of

inflation on operating expenses, the level of mwh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. We might incur additional debt and/or issue additional equity to finance growth or take advantage of new opportunities.

During the first quarter of 1996, KLT issued about \$12 million in long-term debt to finance an additional nonutility investment. In addition, KCPL repaid \$9 million of short-term borrowings with cash from operating activities. Debt service requirements will be provided from operations, refinancings and/or short-term debt.

PART II - OTHER INFORMATION

Item 5. Other Matters

I. AGREEMENT AND PLAN OF MERGER WITH UTILICORP UNITED INC. - UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma financial information combines the historical consolidated balance sheets and statements of income of Kansas City Power & Light Company (KCPL) and UtiliCorp United Inc. (UtiliCorp), including their respective subsidiaries, after giving effect to the Transaction. Further information concerning the Merger Agreement and proposed merger Transaction is included in Note 1 to the Consolidated Financial Statements in Part I of this report. The unaudited pro forma combined balance sheet at March 31, 1996, gives effect to the Transaction as if it had occurred at March 31, 1996. The unaudited pro forma combined statements of income for each of the three months ended March 31, 1996, and 1995, give effect to the Transaction as if it had occurred at the beginning of those periods. These statements are prepared on a basis consistent with generally accepted accounting principles. In addition, the statements are prepared on the basis of accounting for the Transaction as a pooling of interests and are based on the assumptions set forth in the notes thereto.

The following pro forma financial information has been prepared from, and should be read in connection with, the historical consolidated financial statements and related notes of KCPL and UtiliCorp. The following information is not necessarily indicative of the financial position or operating results that would have occurred had the Transaction been consummated on the date, or at the beginning of the periods, for which the Transaction is being given effect nor is it necessarily indicative of future operating results or financial position.

KC UNITED CORP.

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

March 31, 1996

(thousands)

	UtiliCorp (as reported)	KCPL (as reported)	Pro Forma Combined
Utility plant in service	\$2,721,045	\$3,399,478	\$6,120,523
Accumulated depreciation	1,030,945	1,177,540	2,208,485
Net utility plant in service	1,690,100	2,221,938	3,912,038
Construction work in progress and nuclear fuel, net	63,952	140,560	204,512
Total utility plant, net	1,754,052	2,362,498	4,116,550
Other property and investments	1,130,074	188,059	1,318,133
Current assets	665,578	142,563	808,141
Deferred charges and other assets	337,260	183,331	520,591
Total assets	\$3,886,964	\$2,876,451	\$6,763,415

Capitalization

Common stock and premium on common stock (Note 1)	\$863,283	\$449,697	\$1,312,980
Retained earnings	122,682	449,377	572,059
Other stockholders' equity	(1,022)	(1,714)	(2,736)
Total common equity	984,943	897,360	1,882,303
Preferred and preference stock (Note 4)	25,356	90,276	115,632

Company-obligated mandatorily

redeemable preferred securities of partnership	100,000	-	100,000
Long-term debt, net	1,365,935	841,040	2,206,975
Total capitalization	2,476,234	1,828,676	4,304,910
Current liabilities	914,437	237,140	1,151,577
Deferred income taxes	259,059	649,042	908,101
Other deferred liabilities	237,234	161,593	398,827
Total capitalization and liabilities	\$3,886,964	\$2,876,451	\$6,763,415

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements.

KC UNITED CORP

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME

For the Three Months Ended March 31, 1996

(thousands, except per share data)

	UtiliCorp (as reported)	KCPL (as reported)	Pro Forma Combined
Operating revenues	\$1,084,434	\$206,624	\$1,291,058
Operating expenses	996,468	158,267	1,154,735
Operating income before income taxes	87,966	48,357	136,323
Interest charges	34,404	14,258	48,662
Other income, net	11,409	(2,384)	9,025
Income before income taxes	64,971	31,715	96,686
Income taxes	27,659	7,192	34,851
Net income	37,312	24,523	61,835
Preference and preferred stock dividend requirements (Note 4)	513	957	1,470
Earnings available for common shares	\$36,799	\$23,566	\$60,365
Weighted average common shares outstanding (Note 1)			
- Primary	46,233	61,902	112,573
- Fully diluted (Note 5)	46,568	61,902	112,941
Earnings per share			
- Primary	\$0.80	\$0.38	\$0.54
- Fully diluted (Note 5)	\$0.79	\$0.38	\$0.53

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements.

KC UNITED CORP

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME

For the Three Months Ended March 31, 1995

(thousands, except per share data)

	UtiliCorp (as reported)	KCPL (as reported)	Pro Forma Combined
Operating revenues	\$726,303	\$198,906	\$925,209
Operating expenses	644,818	157,846	802,664
Operating income before income taxes	81,485	41,060	122,545
Interest charges	30,600	13,023	43,623
Other income, net	3,389	6,803	10,192
Income before income taxes	54,274	34,840	89,114
Income taxes	22,108	11,953	34,061
Net income	32,166	22,887	55,053
Preference and preferred stock dividend requirements (Note 4)	513	1,026	1,539
Earnings available for common shares	\$31,653	\$21,861	\$53,514

Weighted average common shares outstanding (Note 1)			
- Primary	44,743	61,902	110,940
- Fully diluted (Note 5)	45,242	61,902	111,487
Earnings per share			
- Primary	\$0.71	\$0.35	\$0.48
- Fully diluted (Note 5)	\$0.70	\$0.35	\$0.48

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements.

KC UNITED CORP

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME

For the Three Months Ended March 31

(thousands, except per share data)

	1996	1995	Increase (Decrease)
Operating revenues	\$1,291,058	\$925,209	\$365,849
Operating expenses	1,154,735	802,664	352,071
Operating income before income taxes	136,323	122,545	13,778
Interest charges	48,662	43,623	5,039
Other income, net	9,025	10,192	(1,167)
Income before income taxes	96,686	89,114	7,572
Income taxes	34,851	34,061	790
Net income	61,835	55,053	6,782
Preference and preferred stock dividend requirements (Note 4)	1,470	1,539	(69)
Earnings available for common shares	\$60,365	\$53,514	\$6,851
Weighted average common shares outstanding (Note 1)			
- Primary	112,573	110,940	1,633
- Fully diluted (Note 5)	112,941	111,487	1,454
Earnings per share			
- Primary	\$0.54	\$0.48	\$0.06
- Fully diluted (Note 5)	\$0.54	\$0.48	\$0.06

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements.

KC UNITED CORP.

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

- The pro forma combined financial statements reflect the conversion of each outstanding share of KCPL common stock into one share of KCU common stock outstanding and the conversion of each outstanding share of UtiliCorp common stock into 1.096 shares of KCU common stock, as provided in the Merger Agreement. The pro forma combined financial statements are presented as if the companies were combined during all periods included herein. No pro forma adjustments were necessary.
- The allocation between KCPL and UtiliCorp and their customers of the about \$600 million in net estimated cost savings over the ten-year period following the Merger, less transaction costs, will be subject to regulatory review and approval. Transaction costs, currently estimated to be about \$30 million (including fees for financial advisors, attorneys, accountants, consultants, filings and printing), are being deferred for post-merger amortization in accordance with future regulatory approvals. As of March 31, 1996, \$5.4 and \$4.2 million in merger-related costs had been deferred by KCPL and UtiliCorp, respectively.

The net estimated costs savings and transactions costs do not reflect certain other costs that could be incurred by KCU, such as increases or decreases in costs caused by the provisions of the employment agreements with Messrs. Jennings and Green, severance agreements with certain executives and the KCU Plans.

The net estimated cost savings, transaction costs and certain other costs have not been reflected in the pro forma combined financial statements because of the inability to predict regulatory treatment

KANSAS CITY POWER & LIGHT COMPANY

BY-LAWS

AS AMENDED APRIL 1, 1996

KANSAS CITY POWER & LIGHT COMPANY

BY-LAWS

ARTICLE I

Offices

Section 1. The registered office of the Company in the State of Missouri shall be at 1201 Walnut, in Kansas City, Jackson County, Missouri.

Section 2. The Company also may have offices at such other places either within or without the State of Missouri as the Board of Directors may from time to time determine or the business of the Company may require.

ARTICLE II

Shareholders

Section 1. All meetings of the shareholders shall be held at such place within or without the State of Missouri as may be selected by the Board of Directors or Executive Committee at a meeting held not less than thirty (30) days prior to such shareholders' meeting, but if the Board of Directors or Executive Committee shall fail to designate a place for said meeting to be held, then the same shall be held at the principal place of business of the Company.

Section 2. An annual meeting of the shareholders shall be held on May 22 in each year, if not a legal holiday, and if a legal holiday, then on the first succeeding day which is not a legal holiday or Sunday, at ten o'clock in the forenoon, for the purpose of electing directors of the Company and transacting such other business as may properly be brought before the meeting.

Section 3. Unless otherwise expressly provided in the Restated Articles of Consolidation of the Company with respect to the Cumulative Preferred Stock, Cumulative No Par Preferred Stock or Preference Stock, special meetings of the shareholders may only be called by the Chairman of the Board, by the President or at the request in writing of a majority of the Board of Directors. Special meetings of shareholders of the Company may not be called by any other person or persons.

Section 4. Written or printed notice of each meeting of the shareholders, annual or special, shall be given in the manner provided in the corporation laws of the State of Missouri. In case of a call for any special meeting, the notice shall state

the time, place and purpose of such meeting.

Any notice of a shareholders' meeting sent by mail shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the shareholder at his address as it appears on the records of the Company.

In addition to the written or printed notice provided for in the first paragraph of this Section, published notice of each meeting of shareholders shall be given in such manner and for such period of time as may be required by the laws of the State of Missouri at the time such notice is required to be given.

Section 5. Attendance of a shareholder at any meeting shall constitute a waiver of notice of such meeting except where a shareholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. At least ten days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order with the address of and the number of shares held by each, shall be prepared by the officer having charge of the transfer book for shares of the Company. Such list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the State of Missouri, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

Failure to comply with the requirements of this Section shall not affect the validity of any action taken at any such meeting.

Section 7. Each outstanding share entitled to vote under the provisions of the articles of consolidation of the Company shall be entitled to one vote on each matter submitted at a meeting of the shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

At any election of directors of the Company, each holder of outstanding shares of any class entitled to vote thereat shall have the right to cast as many votes in the aggregate as shall equal the number of shares of such class held, multiplied by the number of directors to be elected by holders of shares of such class, and may cast the whole number of votes, either in person or by proxy, for one candidate, or distribute them among two or more candidates as such holder shall elect.

Section 8. At any meeting of shareholders, a majority of the outstanding shares entitled to vote represented in person or by proxy shall constitute a quorum for the transaction of business, except as otherwise provided by statute or by the articles of consolidation or by these By-laws. The holders of a majority of the shares represented in person or by proxy and entitled to vote at any meeting of the shareholders shall have the right successively to adjourn the meeting to a specified date not longer than ninety days after any such adjournment, whether or not a quorum be present. The time and place to which any such adjournment is taken shall be publicly announced at the meeting, and no notice need be given of any such adjournment to shareholders not present at the meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 9. The vote for directors and the vote on any other question that has been properly brought before the meeting in accordance with these By-laws shall be by ballot. Each ballot cast by a shareholder must state the name of the shareholder voting and the number of shares voted by him and if such ballot be cast by a proxy, it must also state the name of such proxy.

All elections and all other questions shall be decided by plurality vote, unless the question is one on which by express provision of the statutes or of the articles of consolidation or of these By-laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. The Chairman of the Board, or in his absence the President of the Company, shall convene all meetings of the shareholders and shall act as chairman thereof. The Board of Directors may appoint any shareholder to act as chairman of any meeting of the shareholders in the absence of the Chairman of the Board and the President, and in the case of the failure of the Board so to appoint a chairman, the shareholders present at the meeting shall elect a chairman who shall be either a shareholder or a proxy of a shareholder.

The Secretary of the Company shall act as secretary of all meetings of shareholders. In the absence of the Secretary at any meeting of shareholders, the presiding officer may appoint any person to act as secretary of the meeting.

Section 11. At any meeting of shareholders where a vote by ballot is taken for the election of directors or on any proposition, the person presiding at such meeting shall appoint not less than two persons, who are not directors, as inspectors to receive and canvass the votes given at such meeting and certify the result to him. Subject to any statutory requirements which may be applicable, all questions touching upon the qualification of voters, the validity of proxies, and the acceptance or rejection of votes shall be decided by the inspectors. In case of a tie vote by the inspectors on any question, the presiding officer shall decide the issue.

Section 12. Unless otherwise provided by statute or by the articles of consolidation, any action required to be taken by shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 13. No business may be transacted at an annual meeting of shareholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any shareholder of the Company (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 13 and on the record date for the determination of shareholders entitled to vote at such annual meeting and (ii) who complies with the notice procedure set forth in this Section 13.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that less than seventy (70) days' notice or prior public disclosure of the date of the meeting is given to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such shareholder, (iii) the class or series and number of shares of

capital stock of the Company that are owned beneficially or of record by such shareholder, (iv) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business and (v) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 13, provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 13 shall be deemed to preclude discussion by any shareholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE III

Board of Directors

Section 1. The property, business and affairs of the Company shall be managed and controlled by a Board of Directors which may exercise all such powers of the Company and do all such lawful acts and things as are not by statute or by the articles of consolidation or by these By-laws directed or required to be exercised or done by the shareholders.

Section 2. The Board of Directors shall consist of nine directors who shall be elected at the annual meeting of the shareholders. Each director shall be elected to serve until the next annual meeting of the shareholders and until his successor shall be elected and qualified. Directors need not be shareholders.

Section 3. In case of the death or resignation of one or more of the directors of the Company, a majority of the remaining directors, though less than a quorum, may fill the vacancy or vacancies until the successor or successors are elected at a meeting of the shareholders. A director may resign at any time and the acceptance of his resignation shall not be required in order to make it effective.

Section 4. The Board of Directors may hold its meetings either within or without the State of Missouri at such place as shall be specified in the notice of such meeting.

Section 5. Regular meetings of the Board of Directors shall be held as the Board of Directors by resolution shall from time to time determine. The Secretary or an Assistant Secretary shall give at least five days' notice of the time and place of each such meeting to each director in the manner provided in Section 9 of this Article III. The notice need not specify the business to be transacted.

Section 6. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, the President or three members of the Board and shall be held at such place as shall be specified in the notice of such meeting. Notice of such special meeting stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, or personally or by telephone, telecopy, telegram, telex or similar means of communication on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 7. A majority of the full Board of Directors as prescribed in these By-laws shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the directors, the directors present may adjourn the meeting from time to time, without notice other

than announcement at the meeting, until a quorum shall be present. Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 8. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation for directors. Compensation for nonemployee directors may include both a stated annual retainer and a fixed fee for attendance at each regular or special meeting of the Board. Nonemployee members of special or standing committees of the Board may be allowed a fixed fee for attending committee meetings. Any director may serve the Company in any other capacity and receive compensation therefor. Each director may be reimbursed for his expenses, if any, in attending regular and special meetings of the Board and committee meetings.

Section 9. Whenever under the provisions of the statutes or of the articles of consolidation or of these By-laws, notice is required to be given to any director, it shall not be construed to require personal notice, but such notice may be given by telephone, teletype, telegram, telex or similar means of communication addressed to such director at such address as appears on the books of the Company, or by mail by depositing the same in a post office or letter box in a postpaid, sealed wrapper addressed to such director at such address as appears on the books of the Company. Such notice shall be deemed to be given at the time when the same shall be thus telephoned, telecopied, telegraphed or mailed.

Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 10. The Board of Directors may by resolution provide for an Executive Committee of said Board, which shall serve at the pleasure of the Board of Directors and, during the intervals between the meetings of said Board, shall possess and may exercise any or all of the powers of the Board of Directors in the management of the business and affairs of the corporation, except with respect to any matters which, by resolution of the Board of Directors, may from time to time be reserved for action by said Board.

Section 11. The Executive Committee, if established by the Board, shall consist of the Chief Executive Officer of the Company and two or more additional directors, who shall be elected by the Board of Directors to serve at the pleasure of said Board until the first meeting of the Board of Directors following the next annual meeting of shareholders and until their successors shall have been elected. Vacancies in the Committee shall be filled by the Board of Directors.

Section 12. Meetings of the Executive Committee shall be held whenever called by the chairman or by a majority of the members of the committee, and shall be held at such time and place as shall be specified in the notice of such meeting. The Secretary or an Assistant Secretary shall give at least one day's notice of the time, place and purpose of each such meeting to each committee member in the manner provided in Section 9 of this Article III, provided, that if the meeting is to be held outside of Kansas City, Missouri, at least three days' notice thereof shall be given.

Section 13. At all meetings of the Executive Committee, a majority of the committee members shall constitute a quorum and the unanimous act of all the members of the committee present at a meeting where a quorum is present shall be the act of the Executive Committee. All action by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action.

Section 14. In addition to the Executive Committee provided for by these By-laws, the Board of Directors, by resolution

adopted by a majority of the whole Board of Directors, (i) shall designate, as standing committees, an Audit Committee and a Nominating & Compensation Committee, each to consist of three or more nonemployee directors, and (ii) may designate one or more special committees, each consisting of two or more directors. Each standing or special committee shall have and may exercise so far as may be permitted by law and to the extent provided in such resolution or resolutions or in these By-laws, the responsibilities of the business and affairs of the corporation. The Board of Directors may, at its discretion, appoint qualified directors as alternate members of a standing or special committee to serve in the temporary absence or disability of any member of a committee. Except where the context requires otherwise, references in these By-laws to the Board of Directors shall be deemed to include the Executive Committee, a standing committee or a special committee of the Board of Directors duly authorized and empowered to act in the premises.

Section 15. Each standing or special committee shall record and keep a record of all its acts and proceedings and report the same from time to time to the Board of Directors.

Section 16. Regular meetings of any standing or special committee, of which no notice shall be necessary, shall be held at such times and in such places as shall be fixed by majority of the committee. Special meetings of a committee shall be held at the request of any member of the committee. Notice of each special meeting of a committee shall be given not later than one day prior to the date on which the special meeting is to be held. Notice of any special meeting need not be given to any member of a committee, if waived by him in writing or by telegraph before or after the meeting; and any meeting of a committee shall be a legal meeting without notice thereof having been given, if all the members of the committee shall be present.

Section 17. A majority of any committee shall constitute a quorum for the transaction of business, and the act of a majority of those present, by telephone conference call or otherwise, at any meeting at which a quorum is present shall be the act of the committee. Members of any committee shall act only as a committee and the individual members shall have no power as such.

Section 18. The members or alternates of any standing or special committee shall serve at the pleasure of the Board of Directors.

Section 19. If all the directors severally or collectively shall consent in writing to any action which is required to be or may be taken by the directors, such consents shall have the same force and effect as a unanimous vote of the directors at a meeting duly held. The Secretary shall file such consents with the minutes of the meetings of the Board of Directors.

Section 20. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company, except as may be otherwise provided in the Restated Articles of Consolidation of the Company with respect to the right of holders of Preferred Stock to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any shareholder of the Company (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 20 and on the record date for the determination of shareholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 20.

In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that less than seventy (70) days' notice or prior public disclosure of the date of the meeting is given to shareholders, notice by the

shareholder in order to be timely must be so received not later than the close of business on the tenth (10) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a shareholder's notice to the Secretary must set forth (a) as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the shareholder giving the notice (i) the name and record of such shareholder, (ii) the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by such shareholder, (iii) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (iv) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the persons named in the notice and (v) any other information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being name as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 20. If the Chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

ARTICLE IV

Officers

Section 1. The officers of the Company shall include a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, all of whom shall be appointed by the Board of Directors. Any one person may hold two or more offices except that the offices of President and Secretary may not be held by the same person.

Section 2. The officers of the Company shall be appointed annually by the Board of Directors. The office of Chairman of the Board may or may not be filled, as may be deemed advisable by the Board of Directors.

Section 3. The Board of Directors may from time to time appoint such other officers as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 4. The officers of the Company shall hold office until their successors shall be chosen and shall qualify. Any officer appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole board. If the office of any officer becomes vacant for any reason, or if any new office shall be created, the vacancy may be filled by the Board of Directors.

Section 5. The salaries of all officers of the Company shall be fixed by the Board of Directors.

ARTICLE V

Powers and Duties of Officers

Section 1. The Board of Directors shall designate the Chief Executive Officer of the Company, who may be either the Chairman of the Board or the President. The Chief Executive Officer shall have general and active management of and exercise general supervision of the business and affairs of the Company, subject, however, to the right of the Board of Directors, or the Executive Committee acting in its stead, to delegate any specific power to any other officer or officers of the Company, and the Chief Executive Officer shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect. During such times when neither the Board of Directors nor the Executive Committee is in session, the Chief Executive Officer of the Company shall have and exercise full corporate authority and power to manage the business and affairs of the Company (except for matters required by law, the By-laws or the articles of consolidation to be exercised by the shareholders or Board itself or as may otherwise be specified by orders or resolutions of the Board) and the Chief Executive Officer shall take such actions, including executing contracts or other documents, as he deems necessary or appropriate in the ordinary course of the business and affairs of the Company. The Vice Presidents and other authorized persons are authorized to take actions which are (i) routinely required in the conduct of the Company's business or affairs, including execution of contracts and other documents incidental thereto, which are within their respective areas of assigned responsibility, and (ii) within the ordinary course of the Company's business or affairs as may be delegated to them respectively by the Chief Executive Officer.

Section 2. The Chairman of the Board shall preside at all meetings of the shareholders and at all meetings of the Board of Directors, and shall perform such other duties as the Board of Directors shall from time to time prescribe, including, if so designated by the Board of Directors, the duties of Chief Executive Officer.

Section 3. The President, if not designated Chief Executive Officer, shall perform such duties and exercise such powers as shall be assigned to him from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Chairman of the Board, or if the position of Chairman of the Board be vacant, the President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors.

Section 4. The Vice Presidents shall perform such duties and exercise such powers as shall be assigned to them from time to time by the Board of Directors or the Chief Executive Officer.

Section 5. The Secretary shall attend all meetings of the shareholders, the Board of Directors and the Executive Committee, and shall keep the minutes of such meetings. He shall give, or cause to be given, notice of all meetings of the shareholders, the Board of Directors and the Executive Committee, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer. He shall be the custodian of the seal of the Company and shall affix the same to any instrument requiring it and, when so affixed, shall attest it by his signature. He shall, in general, perform all duties incident to the office of secretary.

Section 6. The Assistant Secretaries shall perform such of the duties and exercise such of the powers of the Secretary as shall be assigned to them from time to time by the Board of Directors or the Chief Executive Officer or the Secretary, and shall perform such other duties as the Board of Directors or the Chief Executive Officer shall from time to time prescribe.

Section 7. The Treasurer shall have the custody of all moneys and securities of the Company. He is authorized to collect and receive all moneys due the Company and to receipt therefor, and to endorse in the name of the Company and on its behalf when necessary or proper all checks, drafts, vouchers or other instruments for the payment of money to the Company and to deposit the same to the credit of the Company in such depositories as may be designated by the Board of Directors. He

is authorized to pay interest on obligations and dividends on stocks of the Company when due and payable. He shall, when necessary or proper, disburse the funds of the Company, taking proper vouchers for such disbursements. He shall render to the Board of Directors and the Chief Executive Officer, whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Company. He shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer. He shall, in general, perform all duties incident to the office of treasurer.

Section 8. The Assistant Treasurers shall perform such of the duties and exercise such of the powers of the Treasurer as shall be assigned to them from time to time by the Board of Directors or the Chief Executive Officer or the Treasurer, and shall perform such other duties as the Board of Directors or the Chief Executive Officer shall from time to time prescribe.

Section 9. The Board of Directors may, by resolution, require any officer to give the Company a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Company, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control and belonging to the Company.

Section 10. In the case of absence or disability or refusal to act of any officer of the Company, other than the Chairman of the Board, the Chief Executive Officer may delegate the powers and duties of such officer to any other officer or other person unless otherwise ordered by the Board of Directors.

Section 11. The Chairman of the Board, the President, the Vice Presidents and any other person duly authorized by resolution of the Board of Directors shall severally have power to execute on behalf of the Company any deed, bond, indenture, certificate, note, contract or other instrument authorized or approved by the Board of Directors.

Section 12. Unless otherwise ordered by the Board of Directors, the Chairman of the Board, the President or any Vice President of the Company (a) shall have full power and authority to attend and to act and vote, in the name and on behalf of this Company, at any meeting of shareholders of any corporation in which this Company may hold stock, and at any such meeting shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock, and (b) shall have full power and authority to execute, in the name and on behalf of this Company, proxies authorizing any suitable person or persons to act and to vote at any meeting of shareholders of any corporation in which this Company may hold stock, and at any such meeting the person or persons so designated shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock.

ARTICLE VI

Certificates of Stock

Section 1. The Board of Directors shall provide for the issue, transfer and registration of the certificates representing the shares of capital stock of the Company, and shall appoint the necessary officers, transfer agents and registrars for that purpose.

Section 2. Until otherwise ordered by the Board of Directors, stock certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Company. Such seal may be facsimile, engraved or printed. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any stock certificate or certificates shall cease to be such officer or officers of the Company, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Company, such certificate or certificates may nevertheless be issued by the Company with the same effect as if the person or persons who signed such

certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the Company.

Section 3. Transfers of stock shall be made on the books of the Company only by the person in whose name such stock is registered or by his attorney lawfully constituted in writing, and unless otherwise authorized by the Board of Directors only on surrender and cancellation of the certificate transferred. No stock certificate shall be issued to a transferee until the transfer has been made on the books of the Company.

Section 4. The Company shall be entitled to treat the person in whose name any share of stock is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have notice thereof, except as otherwise expressly provided by the laws of Missouri.

Section 5. In case of the loss or destruction of any certificate for shares of the Company, a new certificate may be issued in lieu thereof under such regulations and conditions as the Board of Directors may from time to time prescribe.

ARTICLE VII

Closing of Transfer Books

The Board of Directors shall have power to close the stock transfer books of the Company for a period not exceeding seventy days preceding the date of any meeting of shareholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date, not exceeding seventy days preceding the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares, and in such case such shareholders and only such shareholders as shall be shareholders of record on the date of closing the transfer books or on the record date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Company after such date of closing of the transfer books or such record date fixed as aforesaid.

ARTICLE VIII

Inspection of Books

Section 1. A shareholder shall have the right to inspect books of the Company only to the extent such right may be conferred by law, by the articles of consolidation, by the By-laws or by resolution of the Board of Directors.

Section 2. Any shareholder desiring to examine books of the Company shall present a demand to that effect in writing to the President or the Secretary or the Treasurer of the Company. Such demand shall state:

- (a) the particular books which he desires to examine;
- (b) the purpose for which he desires to make the examination;
- (c) the date on which the examination is desired;
- (d) the probable duration of time the examination will require; and

(e) the names of the persons who will be present at the examination.

Within three days after receipt of such demand, the President or the Secretary or the Treasurer shall, if the shareholder's purpose be lawful, notify the shareholder making the demand of the time and place the examination may be made.

Section 3. The right to inspect books of the Company may be exercised only at such times as the Company's registered office is normally open for business and may be limited to four hours on any one day.

Section 4. The Company shall not be liable for expenses incurred in connection with any inspection of its books.

ARTICLE IX

Corporate Seal

The corporate seal of the Company shall have inscribed thereon the name of the Company and the words "Corporate Seal", "Missouri" and "1922".

ARTICLE X

Fiscal Year

Section 1. The fiscal year of the Company shall be the calendar year.

Section 2. As soon as practicable after the close of each fiscal year, the Board of Directors shall cause a report of the business and affairs of the Company to be made to the shareholders.

ARTICLE XI

Waiver of Notice

Whenever by statute or by the articles of consolidation or by these By-laws any notice whatever is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Indemnification by the Company

[Deleted].

ARTICLE XIII

Amendments

The Board of Directors may make, alter, amend or repeal By-laws of the Company by a majority vote of the whole Board of Directors at any regular meeting of the Board or at any special meeting of the Board if notice thereof has been given in the notice of such special meeting. Nothing in this Article shall be construed to limit the power of the shareholders to make, alter, amend or repeal By-laws of the Company at any annual or special meeting of shareholders by a majority vote of the shareholders present and entitled to vote at such meeting, provided a quorum is present.

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Dec-31-1996	Mar-31-1996
PER-BOOK	
2,362,498	
188,059	
142,563	
183,331	
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	2,876,451
	449,697
(1,714)	
	449,377
897,360	
	1,276
	89,000
	841,040
	3,000
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7,000	
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	0
0	
	0
957,472	
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	13,413
158,267	
171,680	
	34,944
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	957
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	13,424
	72,125
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	0.38