

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 June 30, 1999

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 44-0308720
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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 August 11, 1999, was 61,898,020 shares.

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

KANSAS CITY POWER & LIGHT COMPANY

Consolidated Balance Sheets

	June 30 1999	December 31 1998
	(thousands)	
ASSETS		
UTILITY PLANT, at original cost		
Electric	\$3,598,874	\$3,576,490
Less-accumulated depreciation	1,428,492	1,410,773
Net utility plant in service	2,170,382	2,165,717
Construction work in progress	107,874	110,528
Nuclear fuel, net of amortization of \$99,424 and \$105,661	33,905	40,203
Total	2,312,161	2,316,448
REGULATORY ASSET - RECOVERABLE TAXES	109,000	109,000
INVESTMENTS AND NONUTILITY PROPERTY	370,687	343,247
CURRENT ASSETS		
Cash and cash equivalents	14,372	43,213
Electric customer accounts receivable, net of allowance for doubtful accounts of \$1,751 and \$1,886	48,540	31,150
Other receivables	29,955	38,981
Fuel inventories, at average cost	22,525	18,749
Materials and supplies, at average cost	45,182	45,363
Deferred income taxes	771	4,799
Other	8,524	5,926
Total	169,869	188,181
DEFERRED CHARGES		
Regulatory assets	36,144	26,229
Other deferred charges	25,355	29,259
Total	61,499	55,488
Total	\$3,023,216	\$3,012,364

CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statements)	\$1,814,528	\$1,880,147
CURRENT LIABILITIES		
Notes payable to banks	14,748	10,000
Commercial paper	94,900	0
Current maturities of long-term debt	190,441	163,630
Accounts payable	54,318	61,764
Accrued taxes	29,759	15,625
Accrued interest	13,575	23,380
Accrued payroll and vacations	20,832	21,684
Accrued refueling outage costs	1,978	12,315
Other	19,089	28,874
Total	439,640	337,272
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	606,328	625,426
Deferred investment tax credits	56,568	58,786
Other	106,152	110,733
Total	769,048	794,945
COMMITMENTS AND CONTINGENCIES (Notes 7 and 8)		
Total	\$3,023,216	\$3,012,364

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Capitalization

	June 30 1999	December 31 1998
	(thousands)	
COMMON STOCK EQUITY		
Common stock-150,000,000 shares authorized without par value 61,908,726 shares issued, stated value	\$ 449,697	\$ 449,697
Retained earnings (see statements)	427,449	443,699
Accumulated other comprehensive income		
Unrealized gain on securities available for sale	2,565	74
Capital stock premium and expense	(1,668)	(1,668)
Total	878,043	891,802
CUMULATIVE PREFERRED STOCK		
\$100 Par Value		
3.80% - 100,000 shares issued	10,000	10,000
4.50% - 100,000 shares issued	10,000	10,000
4.20% - 70,000 shares issued	7,000	7,000
4.35% - 120,000 shares issued	12,000	12,000
No Par Value		
4.18%* - 500,000 shares issued	50,000	50,000
\$100 Par Value - Redeemable		
4.00%	62	62
Total	89,062	89,062
COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY KCPL SUBORDINATED DEBENTURES		
	150,000	150,000
LONG-TERM DEBT (excluding current maturities)		
General Mortgage Bonds		
Medium-Term Notes due 2000-2008, 6.96% and 6.95% weighted-average rate	296,500	338,500
3.69%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	158,768
Environmental Improvement Revenue Refunding Bonds		
4.03%* Series A & B due 2015	106,500	106,500
4.50% Series C due 2017	50,000	50,000
4.35% Series D due 2017	40,000	40,000
Subsidiary Obligations		
Affordable Housing Notes due 2000-08, 8.34% and 8.42% weighted-average rate	44,915	54,775
Other Long-Term Notes	740	740
Total	697,423	749,283
Total	\$1,814,528	\$1,880,147

* Variable rate securities, weighted-average rate as of June 30, 1999

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income

Three Months Ended June 30	1999	1998
	(thousands)	
ELECTRIC OPERATING REVENUES	\$216,947	\$239,502
OPERATING EXPENSES		
Operation		
Fuel	24,373	35,888
Purchased power	18,656	14,813
Other	49,139	46,686
Maintenance	13,449	16,507
Depreciation	29,838	28,750
Income taxes	18,438	23,559
General taxes	22,091	22,033
Total	175,984	188,236
OPERATING INCOME	40,963	51,266
OTHER INCOME AND (DEDUCTIONS)		
Allowance for equity funds used during construction	623	890
Miscellaneous income and (deductions) - net	(11,758)	(6,156)
Income taxes	12,431	10,617
Total	1,296	5,351
INCOME BEFORE INTEREST CHARGES	42,259	56,617
INTEREST CHARGES		
Long-term debt	12,924	14,431
Short-term debt	1,069	76
Mandatorily redeemable Preferred Securities	3,112	3,112
Miscellaneous	691	1,030
Allowance for borrowed funds used during construction	(675)	(588)
Total	17,121	18,061
Net income	25,138	38,556
Preferred stock dividend requirements	944	967
Earnings available for common stock	\$24,194	\$37,589
Average number of common shares outstanding	61,898	61,873
Basic and diluted earnings per common share	\$0.39	\$0.60
Cash dividends per common share	\$0.415	\$0.405

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income

Year to Date June 30	1999	1998
	(thousands)	
ELECTRIC OPERATING REVENUES	\$ 407,681	\$ 435,137
OPERATING EXPENSES		
Operation		
Fuel	55,411	71,585
Purchased power	29,314	23,044
Other	94,221	93,689
Maintenance	30,790	32,245
Depreciation	59,497	57,381
Income taxes	27,648	31,796
General taxes	43,902	44,201
Total	340,783	353,941
OPERATING INCOME	66,898	81,196
OTHER INCOME AND (DEDUCTIONS)		
Allowance for equity funds used during construction	1,686	1,823
Miscellaneous income and (deductions) - net	(22,298)	(13,833)
Income taxes	24,674	20,364
Total	4,062	8,354
INCOME BEFORE INTEREST CHARGES	70,960	89,550
INTEREST CHARGES		
Long-term debt	26,255	29,370
Short-term debt	1,138	167
Mandatorily redemmmable Preferred Securities	6,225	6,225
Miscellaneous	1,728	2,107
Allowance for borrowed funds used during construction	(1,407)	(1,241)
Total	33,939	36,628
Net income	37,021	52,922
Preferred stock dividend requirements	1,891	1,957
Earnings available for common stock	\$35,130	\$50,965
Average number of common shares outstanding	61,898	61,873
Basic and diluted earnings per common share	\$0.57	\$0.82
Cash dividends per common share	\$0.83	\$0.81

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income

Twelve Months Ended June 30	1999	1998
	(thousands)	
ELECTRIC OPERATING REVENUES	\$ 911,485	\$ 920,916
OPERATING EXPENSES		
Operation		
Fuel	127,175	141,881
Purchased power	69,888	53,369
Other	189,523	194,125
Maintenance	69,543	66,557
Depreciation	117,568	112,706
Income taxes	74,634	80,543
General taxes	93,287	92,780
Total	741,618	741,961
OPERATING INCOME	169,867	178,955
OTHER INCOME AND (DEDUCTIONS)		
Allowance for equity funds used during construction	3,679	3,237
Miscellaneous income and (deductions) - net	(49,966)	(30,051)
Income taxes	50,292	43,303
Total	4,005	16,489
INCOME BEFORE INTEREST CHARGES	173,872	195,444
INTEREST CHARGES		
Long-term debt	53,897	57,524
Short-term debt	1,266	379
Mandatorily redeemable Preferred Securities	12,450	12,450
Miscellaneous	4,078	6,815
Allowance for borrowed funds used during construction	(2,640)	(2,209)
Total	69,051	74,959
Net income	104,821	120,485
Preferred stock dividend requirements	3,818	3,832
Earnings available for common stock	\$101,003	\$116,653
Average number of common shares outstanding	61,896	61,884
Basic and diluted earnings per common share	\$ 1.63	\$ 1.89
Cash dividends per common share	\$ 1.66	\$ 1.62

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Cash Flows

Year to Date June 30	1999	1998
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 37,021	\$ 52,922
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	59,497	57,381
Amortization of:		
Nuclear fuel	7,129	9,499
Other	6,035	4,541
Deferred income taxes (net)	(16,479)	6,325
Investment tax credit amortization	(2,218)	(2,281)
Fuel contract settlement	(13,391)	0
Losses from equity investments	10,691	1,896
Kansas rate refund accrual	(14,200)	6,640
Missouri rate refund accrual	4,989	0
Allowance for equity funds used during construction	(1,686)	(1,823)
Other operating activities (Note 2)	(27,858)	5,525
Net cash from operating activities	49,530	140,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Utility capital expenditures	(58,811)	(48,409)
Allowance for borrowed funds used during construction	(1,407)	(1,241)
Purchases of investments	(17,744)	(31,251)
Purchases of nonutility property	(18,473)	(6,867)
Other investing activities	(2,481)	8,890
Net cash from investing activities	(98,916)	(78,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	10,889	9,405
Repayment of long-term debt	(35,938)	(63,225)
Net change in short-term borrowings	99,648	2,207
Dividends paid	(53,271)	(52,158)
Other financing activities	(783)	(2,116)
Net cash from financing activities	20,545	(105,887)
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(28,841)	(44,140)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	43,213	74,098
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	\$14,372	\$29,958
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	\$44,365	\$40,153
Income taxes	\$17,870	\$0

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Cash Flows

Twelve Months Ended June 30	1999	1998
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 104,821	\$ 120,485
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	117,568	112,706
Amortization of:		
Nuclear fuel	16,776	16,335
Other	10,565	8,732
Deferred income taxes (net)	(25,272)	13,556
Investment tax credit amortization	(4,408)	(4,018)
Fuel contract settlement	(13,391)	0
Losses from equity investments	20,478	4,119
Deferred merger costs	0	5,597
Kansas rate refund accrual	(6,640)	6,640
Missouri rate refund accrual	4,989	0
Allowance for equity funds used during construction	(3,679)	(3,237)
Other operating activities (Note 2)	(10,239)	(4,848)
 Net cash from operating activities	 211,568	 276,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Utility capital expenditures	(129,942)	(106,088)
Allowance for borrowed funds used during construction	(2,640)	(2,209)
Purchases of investments	(41,647)	(49,152)
Purchases of nonutility property	(34,217)	(16,759)
Sale of KLT Power	53,033	0
Sale of streetlights	0	21,500
Other investing activities	(3,363)	8,739
 Net cash from investing activities	 (158,776)	 (143,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	8,890	21,337
Repayment of long-term debt	(75,393)	(65,250)
Net change in short-term borrowings	106,198	2,050
Dividends paid	(106,588)	(104,159)
Other financing activities	(1,485)	864
 Net cash from financing activities	 (68,378)	 (145,158)
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(15,586)	(13,060)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	29,958	43,018
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	\$14,372	\$29,958
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	\$75,908	\$74,645
Income taxes	\$42,658	\$22,385

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

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Comprehensive Income

	Three Months Ended		Year to Date		Twelve Months Ended	
	June 30		June 30		June 30	
	1999	1998	1999	1998	1999	1998
	(thousands)					
Net income	\$ 25,138	\$ 38,556	\$ 37,021	\$ 52,922	\$ 104,821	\$ 120,485
Other comprehensive income (loss):						
Unrealized gain (loss) on securities available for sale	3,167	(1,774)	3,900	1,654	(669)	(3,290)
Income tax benefit (expense)	(1,144)	642	(1,409)	(599)	244	1,195
Net unrealized gain (loss) on securities available for sale	2,023	(1,132)	2,491	1,055	(425)	(2,095)
Comprehensive Income	\$ 27,161	\$ 37,424	\$ 39,512	\$ 53,977	\$ 104,396	\$ 118,390

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

Consolidated Statements of Retained Earnings

	Three Months Ended		Year to Date		Twelve Months Ended	
	June 30		June 30		June 30	
	1999	1998	1999	1998	1999	1998
	(thousands)					
Beginning Balance	\$ 428,948	\$ 416,678	\$ 443,699	\$ 428,452	\$ 429,216	\$ 412,890
Net Income	25,138	38,556	37,021	52,922	104,821	120,485
	454,086	455,234	480,720	481,374	534,037	533,375
Dividends Declared						
Preferred stock - at required rates	949	960	1,896	2,041	3,835	3,908
Common stock	25,688	25,058	51,375	50,117	102,753	100,251
Ending Balance	\$ 427,449	\$ 429,216	\$ 427,449	\$ 429,216	\$ 427,449	\$ 429,216

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

KANSAS CITY POWER & LIGHT COMPANY

CERTAIN FORWARD-LOOKING INFORMATION

Statements made in this report which are not based on historical facts are forward-looking and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Any forward-looking statements are intended to be as of the date on which such statement is made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing a number of important factors that could cause actual results to differ materially from provided forward-looking information. These important factors include:

- - the proposed Western Resources Inc. (Western Resources) merger
- - future economic conditions in the regional, national and international markets
- - state, federal and foreign regulation and possible additional reductions in regulated electric rates
- - weather conditions
- - financial market conditions, including, but not limited to changes in interest rates
- - inflation rates
- - increased competition, including, but not limited to, the deregulation of the United States electric utility industry, and the entry of new competitors
- - ability to carry out marketing and sales plans
- - ability to achieve generation planning goals and the occurrence of unplanned generation outages
- - nuclear operations
- - ability to enter new markets successfully and capitalize on growth opportunities in nonregulated businesses
- - unforeseen events that would prevent correcting internal or external information systems for Year 2000 problems
- - adverse changes in applicable laws, regulations or rules governing environmental (including air quality regulations), tax or accounting matters

This list of factors may not be all-inclusive since it is not possible for us to predict all possible factors.

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 1998 annual report on Form 10-K.

1. AMENDED AND RESTATED PLAN OF MERGER WITH WESTERN RESOURCES

A merger agreement was entered into with Western Resources on February 7, 1997. In December 1997 KCPL canceled its previously scheduled special meeting of shareholders to vote on the transaction because Western Resources advised KCPL that its investment bankers, Salomon Smith Barney, had indicated that it was unlikely that Salomon would be in a position to issue a fairness opinion. During 1997 KCPL incurred and deferred \$7 million of merger-related costs that were expensed in December 1997.

On March 18, 1998, KCPL and Western Resources entered into an Amended and Restated Agreement and Plan of Merger (Amended Agreement). This Amended Agreement provides for the combination of the regulated electric utilities of KCPL and Western Resources into Westar Energy, a

new company, using purchase accounting. Westar Energy would be owned approximately 80.1% by Western Resources and approximately 19.9% by KCPL shareholders. KCPL shareholders would receive for each share of KCPL's stock one share of Westar Energy common stock and a fraction of a share of Western Resources common stock. The value of such transaction to KCPL shareholders cannot be determined until twenty days prior to closing. The Amended Agreement also requires KCPL to redeem all outstanding shares of cumulative preferred stock before consummation of the proposed transaction.

On July 30, 1998, KCPL's and Western Resources' shareholders approved the Amended Agreement at special meetings of shareholders. However, the transaction is still subject to several other closing conditions and approvals by a number of regulatory and governmental agencies on terms and conditions that would not have a material effect on Western Resources, including

1. Missouri Public Service Commission (MPSC) Approval

A stipulation and agreement entered into by KCPL, Western Resources, MPSC Staff, Office of Public Counsel and Missouri Department of Natural Resources was filed with the MPSC on July 19, 1999. The most significant provisions provide:

- that the parties will not file a request for a change in Missouri electric rates or a refund of those rates for three years beginning with the closing of the merger.
- a \$5 million refund to Missouri retail customers one year following the closing.
- no recovery of the acquisition premium or transaction costs.
- discontinuance of use of the KCPL name and logo in connection with unregulated products and services eighteen months after closing.

An order in this proceeding is expected in the third quarter of 1999.

2. Kansas Corporation Commission (KCC) Approval

Merger hearings in Kansas concluded on May 20, 1999. During the hearings, KCPL, Western Resources, KCC Staff, City of Topeka and IBEW 304 filed a stipulation and agreement with the KCC. Other parties in the case opposed the stipulation as filed. The most significant provisions include:

- the inclusion of \$300 million of the acquisition premium in rate base.
- that the parties will not file a request for a change in Kansas electric rates or a refund of those rates for four years beginning with the closing of the merger.
- three rebates to Kansas retail customers of \$15 million each occurring on July 1, 2001, July 1, 2002 and July 1, 2003.

On August 11, 1999, the KCC apparently rejected this stipulation. However, an order is still expected in the third quarter of 1999.

3. Federal Energy Regulatory Commission (FERC) Approval

Hearings are scheduled to begin October 25, 1999. Unless a settlement is reached with the FERC, an order is not expected until the first quarter of 2000 at the earliest. We are currently engaged in settlement discussions with the FERC staff and intervenors.

We cannot predict when or if the closing conditions will be met. If the merger has not closed by December 31, 1999 or if the average stock price is below \$29.78 for a twenty-day period just prior to closing, either party may terminate the Amended Agreement.

If the Amended Agreement is terminated under other circumstances and KCPL, within two and one-half years following termination, agrees to consummate a business combination with a third party that made a proposal to combine before termination, a payment of \$50 million will be due Western Resources. Under certain circumstances, if KCPL determines not to consummate its merger into Westar Energy due to its inability to receive a favorable tax opinion from its legal counsel, it must pay Western Resources \$5 million. Western Resources will pay KCPL \$5 million to \$35 million if the Amended Agreement is terminated and all closing conditions are satisfied other than conditions relating to Western Resources receiving a favorable tax opinion from its legal counsel, favorable statutory approvals or an exemption from the Public Utility Holding Company Act of 1935.

2. CONSOLIDATED STATEMENTS OF CASH FLOWS - OTHER OPERATING ACTIVITIES

	Year to Date		Twelve Months Ended	
	1999	1998	1999	1998
Cash flows affected by changes in:	(thousands)			
Receivables	\$ (8,364)	\$(18,624)	\$ 2,362	\$(19,960)
Fuel inventories	(3,776)	(3,923)	(4,778)	1,095
Materials and supplies	181	837	560	1,390
Accounts payable	(7,446)	(13,003)	9,753	(14,135)
Accrued taxes	14,134	35,820	(7,733)	25,911
Accrued interest	(9,805)	(3,320)	(5,465)	420
Wolf Creek refueling outage accrual	(10,337)	5,190	(4,876)	(4,803)
Other	(2,445)	2,548	(62)	5,234
Total	\$(27,858)	\$ 5,525	\$(10,239)	\$ (4,848)

3. SECURITIES AVAILABLE FOR SALE

Certain investments in equity securities are accounted for as securities available for sale and adjusted to market value with unrealized gains (or losses) reported as a separate component of comprehensive income.

The cost of securities available for sale held by KLT Inc. (KLT) as of June 30, 1999 and December 31, 1998 was \$4.8 million. Accumulated net unrealized gains were \$2.6 million at June 30, 1999, and \$0.1 million at December 31, 1998.

4. EQUITY METHOD INVESTMENTS

We use the equity method to account for equity investments when management can exert influence over the operations of the investee. We had equity method investments, excluding affordable housing limited partnerships, of approximately \$70 million at June 30, 1999. The following companies, which we account for as equity method investments, had total assets of \$578 million at June 30, 1999 and a combined net loss of \$14 million for the six months ended June 30, 1999. KCPL's wholly-owned subsidiaries held ownership percentages in these companies at June 30, 1999, as follows:

- KLT
- - Kansas City Downtown Hotel Group, L.L.C., 25%
 - - DTI Holdings, Inc., 47%
 - - Nationwide Electric, Inc., 57%
 - - Lyco Energy Corporation, 30%
 - - Custom Energy, L.L.C., 47%
 - - Custom Lighting Services L.L.C., 50%
- Home Service Solutions Inc. (HSS)
- - R.S. Andrews Enterprises, Inc., 45%

5. CAPITALIZATION

KCPL Financing I (Trust), a wholly-owned subsidiary of KCPL, has previously issued \$150,000,000 of 8.3% preferred securities. The sole asset of the Trust is the \$154,640,000 principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCPL.

6. SEGMENT AND RELATED INFORMATION

In 1998 we adopted SFAS No. 131 - Disclosures About Segments of an Enterprise and Related Information. KCPL's reportable segments are strategic business units. Electric Operations includes the regulated electric utility, unallocated corporate charges and wholly-owned subsidiaries on an equity basis. KLT is a holding company for various nonregulated business ventures. The Other column represents the operations of HSS and KLT Iatan Inc. (Iatan).

We evaluate performance based on profit or loss from operations and return on capital investment. We eliminate all intersegment sales and transfers. We include KLT, HSS and Iatan revenues and expenses in Other Income and (Deductions) and Interest Charges in the Consolidated Statements of Income.

The tables below reflect summarized financial information concerning KCPL's reportable segments.

Three Months Ended June 30, 1999	Electric Operations	KLT Inc.	Other	Intersegment Eliminations	Consolidated Totals
	(thousands)				
Electric Operating Income (a)	\$ 40,963				\$ 40,963
Miscellaneous income (b)	4,221	\$ (1,436)	\$ 491	\$ 1,003	4,279
Miscellaneous deductions (c)	(7,077)	(8,165)	(795)	-	(16,037)
Income taxes on Other Income and (Deductions)	442	11,914	75	-	12,431
Interest Charges	(14,034)	(3,087)	-	-	(17,121)
Net income (loss)	25,138	(774)	(229)	1,003	25,138
Three Months Ended June 30, 1998					
Electric Operating Income (a)	\$ 51,266				\$ 51,266
Miscellaneous income (b)	5,611	\$ 8,824		\$ (2,769)	11,666
Miscellaneous deductions (c)	(6,140)	(11,682)		-	(17,822)
Income taxes on Other Income and (Deductions)	1,435	9,182		-	10,617
Interest Charges	(14,506)	(3,555)		-	(18,061)
Net income	38,556	2,769		(2,769)	38,556
Six Months Ended June 30, 1999					
Electric Operating Income (a)	\$ 66,898				\$ 66,898
Miscellaneous income (b)	9,096	\$ (2,520)	\$ 987	\$ 1,748	9,311
Miscellaneous deductions (c)	(13,465)	(15,190)	(2,954)	-	(31,609)
Income taxes on Other Income and (Deductions)	626	23,343	705	-	24,674
Interest Charges	(27,820)	(6,119)	-	-	(33,939)
Net income	37,021	(486)	(1,262)	1,748	37,021

Six Months Ended June 30, 1998	Electric Operations KLT Inc.		Intersegment Other Eliminations		Consolidated Totals
	(thousands)				
Electric Operating Income (a)	\$ 81,196				\$ 81,196
Miscellaneous income (b)	11,846	\$ 19,122		\$ (6,917)	24,051
Miscellaneous deductions (c)	(14,890)	(22,994)		-	(37,884)
Income taxes on Other Income and (Deductions)	2,455	17,909		-	20,364
Interest Charges	(29,508)	(7,120)		-	(36,628)
Net income	52,922	6,917		(6,917)	52,922
Twelve Months Ended June 30, 1999					
Electric Operating Income (a)	\$169,867				\$169,867
Miscellaneous income (b)	19,058	\$ 3,604	\$1,720	\$ 4,179	28,561
Miscellaneous deductions (c)	(35,071)	(39,569)	(3,887)	-	(78,527)
Income taxes on Other Income and (Deductions)	3,865	45,644	783	-	50,292
Interest Charges	(56,577)	(12,474)	-	-	(69,051)
Net income(loss)	104,821	(2,795)	(1,384)	4,179	104,821
Twelve Months Ended June 30, 1998					
Electric Operating Income (a)	\$178,955				\$178,955
Miscellaneous income (b)	21,950	\$ 35,163		\$ (8,314)	48,799
Miscellaneous deductions (c)	(29,229)	(49,621)		-	(78,850)
Income taxes on Other Other Income and (Deductions)	6,086	37,217		-	43,303
Interest Charges	(60,514)	(14,445)		-	(74,959)
Net income	120,485	8,314		(8,314)	120,485

- (a) Refer to the Consolidated Statements of Income for detail of Electric Operations revenues and expenses.
- (b) Includes nonregulated revenues, interest and dividend income, and losses from equity investments.
- (c) Includes nonregulated expenses and merger-related expenses.

	Identifiable Assets	
	June 30, 1999	December 31, 1998
	(thousands)	
Electric Operations	\$ 2,853,728	\$ 2,831,052
KLT Inc.	297,138	310,750
Other	36,302	24,239
Intersegment Eliminations	(163,952)	(153,677)
Consolidated Totals	\$ 3,023,216	\$ 3,012,364

7. ENVIRONMENTAL MATTERS

KCPL's policy is to act in an environmentally responsible manner and use the latest technology available to avoid and treat contamination. We continually conduct environmental audits designed to ensure compliance with governmental regulations and detect contamination. However,

governmental bodies may impose additional or more rigid environmental regulations that could require substantial changes to operations or facilities.

Monitoring Equipment and Certain Air Toxic Substances

The Clean Air Act Amendments of 1990 required KCPL to spend about \$5 million in prior years for the installation of continuous emission monitoring equipment to satisfy the requirements under the acid rain provision. Also a study under the Act could require regulation of certain air toxic substances, including mercury. We cannot predict the likelihood of any such regulations or compliance costs.

Air Particulate Matter

In July 1997 the United States Environmental Protection Agency (EPA) published new air quality standards for particulate matter. Additional regulations implementing these new particulate standards have not been finalized. Without the implementation regulations, the real impact of the standards on KCPL cannot be determined. However, the impact on KCPL and other utilities that use fossil fuels could be substantial. Under the new fine particulate regulations the EPA is in the process of implementing a three-year study of fine particulate emissions. Until this testing and review period has been completed, KCPL cannot determine additional compliance costs, if any, associated with the new particulate regulations.

Nitrogen Oxide

In 1997 the EPA also issued new proposed regulations on reducing nitrogen oxide (NOx) emissions. The EPA announced in 1998 final regulations implementing reductions in NOx emissions. These regulations require 22 states, including Missouri, to submit plans for controlling NOx emissions by September 1999. The regulations require a significant reduction in NOx emissions from 1990 levels at KCPL's Missouri coal-fired plants by the year 2003.

To achieve these proposed reductions, KCPL would need to incur significantly higher capital costs or purchase power or NOx emissions allowances. It is possible that purchased power or emissions allowances may be too costly or unavailable.

Preliminary analysis of the regulations indicate that selective catalytic reduction technology will be required for some of the KCPL units, as well as other changes. Currently, we estimate that additional capital expenditures to comply with these regulations could range from \$40 million to \$60 million. Operations and maintenance expenses could also increase by more than \$2.5 million per year. These capital expenditure estimates do not include the costs of the new air quality control equipment to be installed at Hawthorn No. 5 (see Hawthorn No. 5 on page 27). The new air control equipment designed to meet current environmental standards will also comply with the proposed requirements discussed above.

We continue to refine our preliminary estimates and explore alternatives to comply with these new regulations to minimize, to the extent possible, KCPL's capital costs and operating expenses. The ultimate cost of these regulations could be significantly different than the amounts estimated above.

In December 1998, KCPL and several other western Missouri utilities filed suit against the EPA over the inclusion of western Missouri in the NOx reduction program. The plaintiffs filed their initial briefs in April 1999. The EPA filed its brief on July 1, 1999. Reply briefs are due

August 16, 1999, and oral arguments are scheduled for December 1999. The outcome cannot be predicted at this time.

A three-judge panel of the D.C. Circuit of the U.S. Court of Appeals found certain portions of the NOx control program unconstitutional. The EPA has requested a hearing before all judges of the court and oral argument in this case has been scheduled for November 9, 1999. If the panel's decision is upheld, the effect will be to decrease the severity of the standards with which KCPL ultimately may need to comply.

Carbon Dioxide

At a December 1997 meeting in Kyoto, Japan, the Clinton Administration supported changes to the International Global Climate Change treaty which would require a seven percent reduction in United States carbon dioxide (CO2) emissions below 1990 levels. The Administration has not submitted this change to the U.S. Senate where ratification is uncertain. If future reductions of electric utility CO2 emissions are eventually required, the financial impact upon KCPL could be substantial.

8. LOW-LEVEL WASTE

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact and selected a site in Nebraska to locate a disposal facility. Wolf Creek Nuclear Operating Corporation (WCNOC) and the owners of the other five nuclear units in the compact provide most of the pre-construction financing for this project. KCPL's net investment on its books was approximately \$7.5 million at June 30, 1999 and December 31, 1998.

Significant opposition to the project has been raised by Nebraska officials and residents in the area of the proposed facility, and attempts have been made through litigation and proposed legislation in Nebraska to slow down or stop development of the facility. On December 18, 1998, the application for a license to construct this project was denied. On January 15, 1999, a request for a contested case hearing on the denial of the license was filed. On April 16, 1999, a U.S. District Court judge in Nebraska issued an injunction staying indefinitely any further activity on the contested case hearing. In May 1999 the state of Nebraska appealed the injunction. The possibility of reversing the license denial will be greater when the contested case hearing ultimately is conducted than it would have been had the hearing been conducted immediately.

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

STATUS OF MERGER

See Note 1 to the Consolidated Financial Statements for the current status of the proposed Western Resources Inc. (Western Resources) merger. In December 1996 the Federal Energy Regulatory Commission (FERC) issued a statement concerning electric utility mergers. Under the statement, companies must demonstrate that their merger does not adversely affect competition or wholesale rates. As a result, FERC may consider a number of remedies including transmission upgrades, divestitures of generating assets or formation of independent system operators.

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 are continuing to improve the efficiency of KCPL's electric utility operations, lowering prices and offering new services. In particular, KCPL's value-added services for large energy users now include contracts for natural gas commodities.

Competition in the electric utility industry accelerated with the passage of the National Energy Policy Act of 1992. This Act gave FERC the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). In April 1996 FERC issued an order requiring all owners of transmission facilities to adopt open-access tariffs and participate in wholesale wheeling. We made the necessary filings to comply with that order.

FERC's April 1996 order encouraged more movement toward retail competition at the state level. An increasing number of states have already adopted open access requirements for utilities' retail electric service, allowing competing suppliers access to their retail customers (retail wheeling). Many other states are actively considering retail wheeling, including Kansas and Missouri. While retail wheeling legislation was introduced in Kansas and Missouri in 1999, no comprehensive legislation was passed.

Retail access could result in market-based rates below current cost-based rates, providing growth opportunities for low-cost producers and risks for higher-cost producers, especially those with large industrial customers. Lower rates and the loss of major customers could result in stranded costs and place an unfair burden on the remaining customer base or shareholders. Testimony filed in the merger case in Kansas indicated stranded costs of approximately \$1 billion for KCPL. An independent study prepared at the request of the Kansas Corporation Commission (KCC) concluded there are no stranded costs. We cannot predict whether any stranded costs would be recoverable in future rates. If an adequate and fair provision for recovery of lost revenues is not provided, certain generating assets may have to be evaluated for impairment and appropriate charges recorded against earnings. In addition to lowering profit margins, market-based rates could require generating assets to be depreciated over shorter useful lives, increasing operating expenses.

KCPL is positioned to compete in an open market with its diverse customer mix and pricing strategies. Industrial customers make up about 20% of KCPL's retail mwh sales, well below the utility industry average. KCPL's flexible industrial rate structure is competitive with other companies' rate structures in the region. In addition, we have entered into long-term contracts for a significant

portion of KCPL's industrial sales. Although no direct competition for retail electric service currently exists within KCPL's service territory; it exists in the bulk power market and between alternative fuel suppliers and KCPL. In addition, third-party energy management companies are seeking to initiate relationships with large users in KCPL's service territory in an attempt to enhance their chances to supply electricity directly when retail wheeling is authorized.

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. A utility'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. KCPL can maintain its \$145 million of regulatory assets at June 30, 1999, as long as FASB 71 requirements are met.

Competition could eventually have a materially adverse effect on KCPL's results of operations and financial position. Should competition eventually result in a significant charge to equity, capital requirements and related costs could increase significantly.

NONREGULATED OPPORTUNITIES

KLT Inc. (KLT), a wholly-owned subsidiary of KCPL, pursues nonregulated business ventures. Existing ventures include investments in energy services, oil and gas development and production, telecommunications and affordable housing limited partnerships.

KCPL's equity investment in KLT was \$119 million as of June 30, 1999 and 1998. KLT's net income(loss) for the six months ended June 30, 1999, totaled \$(0.5) million compared to \$6.9 million for the six months ended June 30, 1998. KLT's consolidated assets at June 30, 1999, totaled \$297 million.

KLT's decrease in earnings for the six-month period of \$7.4 million has resulted primarily from continued losses on KLT Telecom's equity investment in Digital Teleport Inc. (DTI) due to depreciation of expanded network costs and interest expense.

Home Service Solutions Inc. (HSS), a wholly-owned subsidiary of KCPL, pursues nonregulated business ventures, primarily in residential services. HSS has an investment in R.S. Andrews Enterprises, Inc. (RSAE), a consumer services company in Atlanta, Georgia. RSAE expects to continue making acquisitions in key U.S. markets. Additionally, Worry Free Service, Inc., a wholly-owned subsidiary of HSS, provides residential services, including preventative maintenance and warranty services for heating and air conditioning equipment.

KCPL's equity investment in HSS was \$30 million as of June 30, 1999. HSS' net income(loss) for the six months ended June 30, 1999, totaled \$(0.4) million. HSS' consolidated assets at June 30, 1999, totaled \$36 million.

WOLF CREEK'S CURRENT REFUELING AND MAINTENANCE OUTAGE

Wolf Creek completed its tenth refueling and maintenance outage in 36 days, the shortest in Wolf Creek's history. See Wolf Creek section, page 23.

JULY 1999 EARNINGS

	For the month ended July 31	
	1999	1998
Estimated earnings per share excluding merger expenses *	\$0.17	\$0.39

* The month ended July 31, 1999 includes merger expenses of \$0.1 million compared to \$7.2 million or \$0.12 per share for merger expenses included in the month ended July 31, 1998.

Intense and prolonged heat during July in the Midwest impacted KCPL's estimated earnings per share as set forth above. Prices for purchased power in the wholesale market escalated during the last half of July 1999 reflecting constrained transmission and limited generating capacity in the region. Normal costs of \$20 to \$30 per mwh of purchased power in the Midwest and South rose to more than \$3,000 per mwh. Because of these market conditions and the unavailability of Hawthorn No. 5 (see page 27), KCPL incurred purchased power costs of \$35 million in July 1999, an increase of \$25 million over July 1998.

The decrease in EPS for the month ended July 31, 1999 compared to the month ended July 31, 1998 also reflects a decrease of \$0.04 per share because of reduced earnings by KLT. This reduction is primarily due to July 1999 losses from the equity investment in DTI and an adjustment to the carrying value of the net assets of businesses in which KLT's ownership percentage increased from 67% to 100% in July 1999.

On July 26, 1999, a peak of 3,225 megawatts was reached replacing the previous record of 3,175 megawatts set in August 1998. On July 29, 1999, a new record peak of 3,251 megawatts was set in spite of voluntary and contractual curtailments in usage by KCPL's customers.

RESULTS OF OPERATIONS

Three-month period: three months ended June 30, 1999, compared with three months ended June 30, 1998

Six-month period: six months ended June 30, 1999, compared with six months ended June 30, 1998

Twelve-month period: Twelve months ended June 30, 1999, compared with twelve months ended June 30, 1998

EARNINGS OVERVIEW FOR THE PERIODS ENDED JUNE 30

	For the Periods Ended June 30				Increase (Decrease) Excluding Merger Expenses
	Earnings per Share (EPS)		EPS Excluding Merger Expenses		
	1999	1998	1999	1998	
Three months ended	\$0.39	\$0.60	\$0.41	\$0.61	\$(0.20)
Six months ended	\$0.57	\$0.82	\$0.59	\$0.92	\$(0.33)
Twelve months ended	\$1.63	\$1.89	\$1.75	\$2.05	\$(0.30)

EPS, excluding merger expenses for all periods, decreased mostly due to the following factors:

- The approximate \$15 million Missouri rate reduction, effective March 1, 1999, which reduced EPS by \$0.04 this quarter and \$0.05 for the six and twelve months ended June 30, 1999.
- The impact of the unavailability of Hawthorn No. 5 (see page 27).
- Continued losses on KLT Telecom's equity investment in Digital Teleport Inc. due to depreciation of expanded network costs and interest expense.
- Milder than normal weather during the three and six months ended June 30, 1999, compared to warmer than normal weather in the three and six months ended June 30, 1998.

Additionally, the approximately \$14 million Kansas rate reduction, effective January 1, 1998, reduced EPS by \$0.08 for the twelve-month period.

MEGAWATT-HOUR (MWH) SALES AND OPERATING REVENUES

Sales and revenue data:

(revenue change in millions)

	Periods ended June 30, 1999 versus June 30, 1998					
	Three Months		Six Months		Twelve Months	
	Mwh	Revenues	Mwh	Revenues	Mwh	Revenues
	Increase (decrease)					
Retail Sales:						
Residential	(7) %	\$ (5)	(2) %	\$ (4)	3 %	\$ 5
Commercial	(3) %	(6)	1 %	(4)	2 %	1
Industrial	(2) %	-	- %	1	1 %	3
Other	2 %	-	2 %	-	4 %	-
Total Retail	(4) %	(11)	- %	(7)	2 %	9
Sales for Resale:						
Bulk Power Sales	(62) %	(12)	(52) %	(20)	(37) %	(18)
Other	(8) %	-	(2) %	-	(3) %	-
Total Operating Revenues		\$ (23)		\$ (27)		\$ (9)

In 1999 the MPSC approved a stipulation and agreement among KCPL, MPSC staff and Office of Public Counsel that called for KCPL to reduce its annual Missouri electric revenues by 3.2%, or about \$15 million after March 1, 1999. Effective March 1, 1999, we began accruing the 3.2% rate reduction for refund to Missouri retail customers starting in August 1999. Revenues decreased by about \$4 million for the three-month period and \$5 million for the six- and twelve-month periods as a result of the Missouri rate reduction.

The KCC approved a rate settlement agreement, effective January 1, 1998, authorizing a \$14.2 million annual revenue reduction and an annual increase in depreciation expense of \$2.8 million. Pending the approval of a new Kansas rate design, we accrued \$14.2 million during 1998 for refund to customers. The new rate design was approved in December 1998 and directed KCPL to refund, starting March 1, 1999, the \$14.2 million we accrued during 1998, plus the amount that we accrued for January and February 1999. The KCC rate settlement agreement reduced revenues by \$14 million for the twelve months ended June 30, 1999, and \$6 million for the twelve months ended June 30, 1998.

Retail mwh sales for the three-month period decreased 4% primarily due to milder weather partially offset by the addition of new customers. Retail mwh sales for the six-month period were relatively

flat as the addition of new customers offset the milder weather. Retail mwh sales for the twelve-month period increased 2% mostly due to warmer than normal weather in the last six months of 1998 compared to milder than normal weather in the last six months of 1997, as well as continued load growth. Load growth consists of higher usage per customer as well as the addition of new customers. Less than 1% of revenues include an automatic fuel adjustment provision.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. The unavailability of Hawthorn No. 5 contributed to decreased bulk power mwh sales of 62% for the three-month period, 52% for the six-month period and 37% for the twelve-month period. In addition, the Spring 1999 Wolf Creek refueling and maintenance outage contributed to the decreased bulk power mwh sales for the three- and six-month periods. Furthermore, the Fall 1998 outage at Hawthorn No. 5 and the Fall 1998 outage at LaCygne No. 1 resulted in decreased bulk power mwh sales for the twelve-month period. The extended 1997 Wolf Creek outage contributed to reduced bulk power mwh sales for the twelve months ended June 30, 1998.

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

FUEL AND PURCHASED POWER

	Percentage change for the period	
	Combined fuel and purchased power expenses	
	Total MWH sales *	
	Increase (Decrease)	
Three-month period	(15)%	(17)%
Six-month period	(10)%	(14)%
Twelve-month period	1 %	(6)%

* Total of retail and sales for resale

For all periods, the unavailability of Hawthorn No. 5 resulted in increased purchased power expenses partially offset by decreased fuel expenses at Hawthorn No. 5. The twelve-month period also included increased purchased power expenses due to Fall 1998 outages at LaCygne No. 1 and Hawthorn No. 5. Even though the cost per mwh for purchased power decreased for all periods, it was significantly higher than the fuel cost per mwh of generation resulting in differences in all periods between the percentage change in Total MWH sales and the percentage change in Combined fuel and purchased power expenses.

Nuclear fuel costs per MMBTU, which decreased 3% for the twelve-month period, remained substantially less than the MMBTU price of coal. Nuclear fuel costs per MMBTU averaged about 60% of the MMBTU price of coal for the twelve months ended June 30, 1999, and June 30, 1998. We expect the price of nuclear fuel to remain fairly constant through the year 2001. During the twelve months ended June 30, 1999, fossil plants represented about 71% of total generation and the nuclear plant about 29%. For the twelve months ended June 30, 1998, fossil plants represented about 76% of total generation and the nuclear plant about 24%.

The cost of coal per MMBTU increased 1% for the twelve-month period because Hawthorn No. 5 was unavailable. The cost of coal per MMBTU at Hawthorn No. 5 was lower than the average cost

of coal per MMBTU at KCPL's other coal-fired plants. KCPL's coal procurement strategies continue to provide coal costs below the regional average. We expect coal costs to remain fairly consistent with current levels through 2001.

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined other operation and maintenance expenses for all periods declined slightly. As a result of the February 17, 1999, boiler explosion at Hawthorn No. 5, Hawthorn No. 5's other operation and maintenance expenses decreased for all periods. Write-offs of uncollectible customer accounts also declined for all periods. Administrative and general expenses declined for the twelve-month period.

The six- and twelve-month period declines were partially offset by increased maintenance expenses at LaCygne No. 2 during a scheduled outage in the Spring 1999. The decline for the twelve-month period would have been greater but additional costs were incurred for outages at Hawthorn No. 5 and LaCygne No. 1 in the Fall 1998. During the Wolf Creek outage completed in December 1997, actual costs incurred were \$3.5 million in excess of the estimated and accrued costs.

We continue to emphasize new technologies, improved work methodology and cost control. We continuously improve our work processes to provide increased efficiencies and improved operations. For example, through the use of cellular technology, more than 90% of KCPL's customer meters are read automatically.

DEPRECIATION

The increase in depreciation expense for all periods reflected normal increases in depreciation from capital additions. In addition, the twelve-month period reflected the implementation of the KCC settlement agreement, effective January 1, 1998, which authorized a \$2.8 million annual increase in depreciation expense.

TAXES

Operating income taxes decreased for all periods, reflecting lower taxable operating income.

Components of general taxes:

	Three months ended		Six months ended		Twelve months ended	
	June 30		June 30		June 30	
	1999	1998	1999	1998	1999	1998
	(thousands)					
Property	\$10,741	\$ 9,658	\$21,483	\$21,017	\$41,864	\$42,077
Gross receipts	9,007	9,837	17,919	18,450	41,609	41,359
Other	2,343	2,538	4,500	4,734	9,814	9,344
Total	\$22,091	\$22,033	\$43,902	\$44,201	\$93,287	\$92,780

OTHER INCOME AND (DEDUCTIONS)

KLT summarized operations

	Three months ended June 30		Six months ended June 30		Twelve months ended June 30	
	1999	1998	1999	1998	1999	1998
(millions, except for earnings per share)						
Miscellaneous income						
and (deductions) - net *	\$ (9.6)	\$ (2.9)	\$ (17.7)	\$ (3.9)	\$ (36.0)	\$ (14.5)
Income taxes	11.9	9.2	23.3	17.9	45.6	37.2
Interest charges	(3.1)	(3.5)	(6.1)	(7.1)	(12.4)	(14.4)
Net income	\$ (0.8)	\$ 2.8	\$ (0.5)	\$ 6.9	\$ (2.8)	\$ 8.3
KLT Earnings per share	\$ (0.01)	\$ 0.04	\$ (0.01)	\$ 0.11	\$ (0.05)	\$ 0.13

For all periods, KLT's operations and resulting earnings per share decreased primarily due to continued losses on the equity investment in Digital Teleport Inc. (DTI) due to depreciation of expanded network costs and interest expense. It was anticipated that losses on the equity investment in DTI due to network expansion costs in the first half of the year would be offset by a positive contribution in the second half of the year. It now appears that contribution may be delayed at least a year. The enlarged scope of DTI's business plans accelerated the time frame and increased the magnitude of network depreciation expenses.

DTI is creating a 20,000-route mile, digital fiber optic network comprised of 20 regional rings interconnecting primary, secondary and tertiary cities in 37 states. By providing high-capacity voice and data transmission services to and from secondary and tertiary cities, as well as primary markets, DTI intends to become a leading wholesale provider of regional communications transport services to interexchange carriers and other communications companies. We continue to expect long-term value from KLT's 47% ownership of DTI.

Miscellaneous income and (deductions) - net

	Three months ended June 30		Six months ended June 30		Twelve months ended June 30	
	1999	1998	1999	1998	1999	1998
(millions)						
Merger-related expenses	\$ (0.8)	\$ (0.8)	\$ (1.1)	\$ (6.2)	\$ (9.6)	\$ (12.5)
* From table above	(9.6)	(2.9)	(17.7)	(3.9)	(36.0)	(14.5)
Other	(1.4)	(2.5)	(3.5)	(3.7)	(4.4)	(3.1)
Total Miscellaneous income and (deductions) - net	\$ (11.8)	\$ (6.2)	\$ (22.3)	\$ (13.8)	\$ (50.0)	\$ (30.1)

Other Income and (Deductions) - Income taxes

Other Income and (Deductions) - Income taxes for all periods reflects the tax impact on total miscellaneous income and (deductions) - net. Additionally, we accrued tax credits of \$15 million for the six months ended June 30, 1999, and \$13 million for the six months ended June 30, 1998. We accrued tax credits of \$27 million for the twelve months ended June 30, 1999, and \$23 million for the twelve months ended June 30, 1998.

INTEREST CHARGES

Long-term debt interest expense decreased for all periods, reflecting lower average levels of outstanding long-term debt. The lower average levels of debt reflect scheduled debt repayments made by KCPL, repayments of affordable housing notes made by KLT and lower average levels of debt by KLT on its bank credit agreement.

We use interest rate swap and cap agreements to limit the volatility in interest expense on a portion of KLT's variable-rate, bank credit agreement and KCPL's variable-rate, long-term debt. Although these agreements are an integral part of interest rate management, the incremental effect on interest expense and cash flows is not significant. We do not use derivative financial instruments for speculative purposes.

WOLF CREEK

Wolf Creek is one of KCPL's principal generating units, representing about 19% of its generating capacity, excluding the Hawthorn No. 5 generating unit. The plant's operating performance has remained strong over the last three years, contributing about 28% of the annual mwh generation while operating at an average capacity of 91%. Wolf Creek has the lowest fuel cost per MMBTU of any of KCPL's generating units.

We accrue the incremental operating, maintenance and replacement power costs for planned outages evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced.

Wolf Creek's tenth refueling and maintenance outage, estimated to be a 40-day outage, began April 3, 1999, and was completed May 9, 1999. Actual costs of the 1999 outage were \$1 million less than the estimated and accrued costs for the outage. The 36-day outage was the shortest refueling and maintenance outage in Wolf Creek's history.

Wolf Creek's ninth refueling and maintenance outage, budgeted for 35 days, began in early October 1997 and was completed in December 1997 (58 days). Several equipment problems caused the extended length of the ninth outage. Actual costs of the 1997 outage were \$6 million in excess of the estimated and accrued costs for the outage.

No major equipment replacements are currently projected. An extended shut-down of Wolf Creek could have a substantial adverse effect on KCPL's business, financial condition and results of operations because of higher replacement power and other costs. Although not expected, the Nuclear Regulatory Commission could impose an unscheduled plant shut-down, reacting to safety concerns at the plant or other similar nuclear units. If a long-term shut-down occurred, the state regulatory commissions could reduce rates by excluding the Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes KCPL to risks regarding decommissioning costs at the end of the unit's life and to potential retrospective assessments and property losses in excess of insurance coverage.

ENVIRONMENTAL MATTERS

KCPL's operations must comply with federal, state and local environmental laws and regulations. The generation and transmission of electricity produces and requires disposal of certain products and by-products, including polychlorinated biphenyl (PCBs), asbestos and other potentially hazardous materials. The Federal Comprehensive Environmental Response, Compensation and Liability Act (the Superfund law) imposes strict joint and several liability for those who generate, transport or deposit hazardous waste. This liability extends to the current property owner, as well as prior owners since the time of contamination.

We continually conduct environmental audits to detect contamination and ensure compliance with governmental regulations. However, compliance programs needed to meet new and future environmental laws and regulations governing water and air quality including carbon dioxide emissions, nitrogen oxide emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields, could require substantial changes to operations or facilities (see Note 7 to the Consolidated Financial Statements).

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 Issue resulted from computer systems and applications using two digits instead of four to define the year. Computer programs with date-sensitive software could recognize the date of "00" as the Year 1900 rather than the Year 2000. Unless corrected, some computer systems and applications could incorrectly process information resulting in miscalculations or system disruptions.

We have assessed the potential of the Year 2000 Issue on KCPL's Information Technology (IT) and non-IT processes and operations. Beginning in 1997, we established a Year 2000 team responsible for evaluating, identifying and correcting problems in all critical computer software, hardware and embedded systems. We utilized both internal and external resources in this process. Because we have invested approximately \$64 million in new Year 2000 ready technologies over the past several years, we identified fewer issues than some companies.

We have completed readiness efforts for KCPL's mission-critical systems and processes and have submitted our readiness report and statement to the North America Electric Reliability Council (NERC) on June 30, 1999. The critical control systems at all our base load generating units are currently running with the date set beyond year 2000. The identification, assessment and remediation efforts of all other KCPL systems impacted by Year 2000 issues have been completed and are currently undergoing final implementation and testing to be completed by the end of the third quarter of 1999. These include the new customer information system and financial and operations support systems.

On an ongoing basis, we are sharing information with other electric industry organizations, such as the Electric Power Research Institute, Edison Electric Institute and NERC in order to adequately anticipate and plan for potential problems. We participated in an industry-wide drill April 9, 1999 coordinated by the NERC. The drill simulated partial loss of telecommunications and found that our contingency procedures and backup systems worked well. We will participate in another industry-wide drill, to be coordinated by the NERC, scheduled for September 9, 1999, which will be a "dress rehearsal" for the transition to Year 2000. The monitoring phase of KCPL's Year 2000 project will

continue through at least the first quarter of 2000. Total costs of the assessment, remediation, testing and monitoring efforts will be approximately \$7 million. These costs are expensed as incurred.

Regarding the Wolf Creek Nuclear Generating Station, we believe we are in compliance with the Nuclear Regulatory Commission's (NRC) Year 2000 regulations. The NRC performed an on-site audit of Wolf Creek's Year 2000 project plans in November 1998, and no areas of concern were identified. Control systems at Wolf Creek utilize analog components that are not date-sensitive which mitigates Year 2000 concerns about critical operations of the plant. All assessments of affected systems were completed by the end of the second quarter in 1999 and Wolf Creek submitted a statement of Year 2000 readiness to the NRC in June 1999. The Commission guidelines are being followed in the development and implementation of contingency plans.

We initiated communications with all major suppliers and customers to evaluate KCPL's vulnerability to the failure of others to remediate their Year 2000 issues. While no major issues have been discovered, we cannot be certain their systems will not impact KCPL's operations. Thus, we have developed a number of contingency plans to mitigate potential problems with third party failures.

The most reasonable likely worse case scenario would be the loss or partial interruption of KCPL's electrical system which is connected to other utilities throughout the United States and Canada, east of the Rocky Mountains. This interconnection is essential to the reliability, stability and operational integrity of each connected electric utility. KCPL could encounter difficulties supplying electric service if other interconnected utilities fail to achieve Year 2000 compliance and create an unstable condition on the grid.

We are addressing this and other potential Year 2000 risks by implementing a number of action plans, including:

- Participating in operating contingency plans and drills developed by the Southwest Power Pool and the NERC.
- Implementing and testing radio communication for personnel manning critical operation points.
- Testing functional emergency radio systems and ensuring they are operational for generating stations.
- Working with local authorities and testing systems to establish a means of communicating if telephones are not available.
- Ensuring readiness to execute the generation and systems black start procedures.

SIGNIFICANT BALANCE SHEET CHANGES (June 30, 1999 compared to December 31, 1998)

- Cash and cash equivalents decreased by \$28.8 million and commercial paper, a current liability, increased \$94.9 million due to expenditures exceeding cash receipts, including expenditures for dividend payments, medium-term note retirements, the buyout of a fuel contract, and property and income tax payments. Additionally, KLT's cash decreased by \$8.2 million primarily due to the repayment of affordable housing notes and payment of operating expenses.
- Investments and nonutility property increased \$27.4 million primarily due to the following:
 - \$8.8 million increase in HSS' investment in R. S. Andrews Enterprises
 - \$4.5 million increase in HSS' Worry Free equipment - net of depreciation
 - \$8.7 million increase in investments and nonutility property by KLT
 - \$4.6 million increase in KCPL's decommissioning trust fund

- Electric customer accounts receivable increased \$17.4 million primarily due to normal seasonal load growth.
- Other receivables decreased by \$9.0 million reflecting the change in KLT's ownership in Custom Energy to less than 50%. This change in ownership changed KLT's accounting treatment of this investment from consolidation to an equity investment, removing Custom Energy's receivables from KLT's books.
- Deferred regulatory assets increased \$9.9 million due to the buyout of a fuel contract.
- Current maturities of long-term debt increased \$26.8 million primarily reflecting a \$42.0 million increase due to maturing medium-term notes partially offset by \$21.5 million in retirements of medium-term notes. Moreover, KLT has borrowed \$5.5 million on its bank credit agreement since December 31, 1998.
- Other current liabilities decreased \$9.8 million primarily due to the rate refund to Kansas retail customers in March 1999, of which \$14.2 million was accrued at December 31, 1998. This decrease was partially offset by \$5.0 million accrued during 1999 for the Missouri retail customers' rate refund.
- A payment to the IRS for the settlement of certain outstanding issues decreased deferred income taxes by \$13 million and accrued interest by \$7 million.

CAPITAL REQUIREMENTS AND LIQUIDITY

KCPL's liquid resources at June 30, 1999 included cash flows from operations and \$151 million of unused bank lines of credit. The unused lines consisted of KCPL's short-term bank lines of credit of \$85 million and KLT's bank credit agreement of \$66 million.

KCPL continues to generate positive cash flows from operating activities. Cash from operating activities decreased for the six- and twelve-month periods primarily due to decreased net income before non-cash expenses, the buyout of a fuel contract, the refund of amounts accrued for the Kansas rate refunds, a payment of \$13 million to the IRS to settle certain outstanding issues, and changes in certain working capital items (as detailed in Note 2 to the Consolidated Financial Statements). Major non-cash expenses include depreciation and amortization expenses, deferred income taxes, rate refund accruals and losses incurred on equity investments. Individual components of working capital will vary with normal business cycles and operations. The timing of the Wolf Creek outage affects the refueling outage accrual, deferred income taxes and amortization of nuclear fuel.

Cash used in investing activities varies with the timing of utility capital expenditures and purchases of investments and nonutility properties. Cash used for investing activities increased for the six- and twelve-month periods primarily due to increased utility capital expenditures. Additionally, the six and twelve months ended June 30, 1998 reflected a commitment to invest \$6 million in R. S. Andrews Enterprises in Other investing activities. The twelve months ended June 30, 1999, reflected the proceeds from the sale of the common stock of KLT Power Inc. The twelve months ended June 30, 1998, reflected the proceeds received in 1997 from the sale of streetlights to Kansas City, Missouri.

Cash from financing activities increased by \$126 million for the six-month period primarily due to \$95 million of commercial paper KCPL borrowed during the second quarter of 1999. Additionally, the six months ended June 30, 1999, reflected \$27 million less in repayments of long-term debt compared to the six months ended June 30, 1998. Cash used for financing activities decreased for the twelve-month period due to the \$95 million of commercial paper KCPL borrowed, partially offset by a \$10 million increase in long-term debt repayments and a \$12 million decrease in long-term debt issued during the twelve-month period.

KCPL's common dividend payout ratio was 102% for the twelve months ended June 30, 1999, and 86% for the twelve months ended June 30, 1998.

We expect to meet day-to-day operations, utility construction requirements and dividends with internally generated funds. KCPL might not be able to meet these requirements with internally-generated funds because of the effect of inflation on operating expenses, the level of mwh sales, regulatory actions, compliance with future environment regulations and the availability of generating units (see discussion below). The funds needed to retire \$363 million of maturing debt through the year 2003 will be provided from operations, refinancings or short-term debt. KCPL might issue additional debt and/or additional equity to finance growth or take advantage of new opportunities.

HAWTHORN NO. 5

On February 17, 1999, an explosion occurred at the 476-megawatt, coal-fired Hawthorn Generating Station Unit No. 5 (Hawthorn No. 5). The boiler, which was destroyed, was not operating at the time, and there were no injuries. Though the cause of the explosion is still under investigation, preliminary results indicate that an explosion of accumulated gas in the boiler's firebox caused the damage. KCPL has property insurance coverage with limits of \$300 million.

After the explosion at Hawthorn No. 5, we estimated, assuming normal weather and operating conditions, a net increase in expense of between \$6.5 million and \$11.5 million (before tax) for the year 1999. This estimate included the effect of increased net replacement power costs, reduced bulk power sales and reduction of certain operating and maintenance expenses. At the end of June 1999, the net increase in expense for 1999 was estimated at \$9.5 million. However, weather during July 1999 was abnormal. The intense and prolonged heat contributed to a reduction of core utility business earnings per share of \$0.18 from July 1998 (see page 18 for further discussion). A portion of this reduction in EPS can be attributed to the unavailability of Hawthorn No. 5. However, it is not possible to estimate the impact of the unavailability of Hawthorn No. 5 on July 1999 estimated earnings per share or to revise our original 1999 estimated net increase in expense which was significantly exceeded.

We have entered into a contract for construction of a new coal-fired boiler to permanently replace the lost capacity of Hawthorn No. 5. The new unit is expected to be completed in the summer of 2001 and will have a capacity in excess of 500 megawatts. However, we are continuing to evaluate alternatives for replacing the power generated by Hawthorn No. 5 prior to completing the new coal-fired boiler in the summer of 2001. We believe that we can secure sufficient power to meet the energy needs of KCPL's customers. Prior to the explosion, we planned to bring on line Hawthorn No. 6, a 141-megawatt, gas-fired combustion turbine (accepted under a lease arrangement and placed into commercial operation in July 1999) and an additional 294 megawatts of capacity by the summer of 2000. The additional 294 megawatts of capacity involves re-powering an existing unit and adding two new combustion turbines.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Carlos Salazar, et al. v. Kansas City Power & Light Company. On May 28, 1999, an action was filed against the Company in the United States District Court Western District of Missouri by three current Hispanic employees. The complaint alleges race discrimination on behalf of all existing Hispanic employees and those who tried to obtain employment with the Company from May 28, 1994 to the present. While the petition requests formation of and certification as a class action, the relief sought is wages and fringe benefits, alleged wage differentials, punitive damages, attorneys fees and costs of the action for the three named plaintiffs, together with an injunction prohibiting the Company from retaliating. This relief sought by the three individual plaintiffs would not be material to the company's financial condition or operations. Due to the vagueness of the complaint, it is not possible at this time to evaluate the materiality of the relief sought by the proposed class; however, the Company believes it will be able to successfully defend the certification of the class.

Item 6. Exhibits and Reports on Form 8-K.

Exhibits

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Exhibit 3(b) Bylaws as amended May 4, 1999

Exhibit 27 Financial Data Schedule (for the six months ended June 30, 1999)

Reports on Form 8-K

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No reports on Form 8-K were filed with the Securities and Exchange Commission for the quarter ended June 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KANSAS CITY POWER & LIGHT COMPANY

Dated: August 12, 1999

By: /s/Drue Jennings
(Drue Jennings)
(Chief Executive Officer)

Dated: August 12, 1999

By: /s/Neil Roadman
(Neil Roadman)
(Principal Accounting Officer)

Exhibit 3(b)

KANSAS CITY POWER & LIGHT COMPANY

BY-LAWS

AS AMENDED MAY 4, 1999

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, 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 the first Tuesday of May 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, 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, teletyped, 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 named 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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