

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 September 30, 1996

OR

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

For the transition period from to

Commission file number 1-707

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

Missouri 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 November 5, 1996, was 61,904,744 shares.

PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	September 30 1996	December 31 1995
ASSETS		
UTILITY PLANT, at original cost		
Electric	\$3,452,362	\$3,388,538
Less-accumulated depreciation	1,216,628	1,156,115
Net utility plant in service	2,235,734	2,232,423
Construction work in progress	68,831	72,365
Nuclear fuel, net of amortization of \$79,330 and \$81,452	45,220	54,673
Total	2,349,785	2,359,461
REGULATORY ASSET - DEFERRED WOLF CREEK COSTS	2,220	8,880
REGULATORY ASSET - RECOVERABLE TAXES	123,000	123,000
INVESTMENTS AND NONUTILITY PROPERTY	211,736	166,751
CURRENT ASSETS		
Cash and cash equivalents	23,229	28,390
Customer accounts receivable, net of allowance for doubtful accounts of \$1,654 and \$1,574	42,593	32,830
Other receivables	27,563	31,838
Fuel inventories, at average cost	19,540	22,103
Materials and supplies, at average cost	46,489	47,175
Deferred income taxes	2,621	5,947

Other	1,116	5,179
Total	163,151	173,462
DEFERRED CHARGES		
Regulatory assets		
Settlement of fuel contracts	10,575	13,007
KCC Wolf Creek carrying costs	2,052	4,104
Other	18,789	21,231
Other deferred charges	14,564	12,610
Total	45,980	50,952
Total	\$2,895,872	\$2,882,506
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock-authorized 150,000,000 shares without par value-61,908,726 shares issued- stated value	\$449,697	\$449,697
Retained earnings	462,171	449,966
Unrealized gain on securities available for sale	6,938	0
Capital stock premium and expense	(1,714)	(1,725)
Common stock equity	917,092	897,938
Cumulative preferred stock	89,000	89,000
Cumulative redeemable preferred stock	1,276	1,436
Long-term debt	834,136	835,713
Total	\$1,841,504	\$1,824,087
CURRENT LIABILITIES		
Notes payable to banks	0	0
Commercial paper	35,000	19,000
Current maturities of long-term debt	46,591	73,803
Accounts payable	45,982	52,506
Accrued taxes	67,062	39,726
Accrued interest	13,283	16,906
Accrued payroll and vacations	22,648	22,764
Accrued refueling outage costs	4,547	13,563
Other	10,958	11,787
Total	246,071	250,055
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	650,056	648,374
Deferred investment tax credits	68,164	71,270
Other	90,077	88,720
Total	808,297	808,364
COMMITMENTS AND CONTINGENCIES		
Total	\$2,895,872	\$2,882,506

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

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30		Year to Date September 30		Twelve Months Ended September 30	
	1996	1995	1996	1995	1996	1995
	(thousands of dollars)					
ELECTRIC OPERATING REVENUES	\$ 270,202	\$ 277,670	\$ 703,031	\$ 681,881	\$ 907,105	\$ 873,979
OPERATING EXPENSES						
Operation						
Fuel	37,266	36,113	104,135	103,877	139,629	132,012
Purchased power	14,261	16,387	40,786	30,705	48,864	38,366
Other	44,216	42,823	133,234	136,307	175,526	178,678
Maintenance	16,601	15,876	54,039	59,054	73,424	76,764
Depreciation	26,992	24,325	76,569	72,679	101,115	96,678
Taxes						
Income	33,429	40,039	65,769	63,579	79,252	78,465
General	27,457	27,509	75,269	74,047	98,043	96,599
Deferred Wolf Creek costs amortization	2,904	3,152	8,712	9,703	11,616	12,978
Total	203,126	206,224	558,513	549,951	727,469	710,540
OPERATING INCOME	67,076	71,446	144,518	131,930	179,636	163,439
OTHER INCOME						
Allowance for equity funds used during construction	418	757	1,535	1,497	2,317	1,851
Miscellaneous income	2,154	(1,249)	4,843	7,806	5,660	8,250
Miscellaneous deductions	(33,865)	(3,503)	(48,578)	(9,408)	(50,271)	(11,197)
Income taxes	14,678	3,786	29,144	7,521	31,882	9,801
Total	(16,615)	(209)	(13,056)	7,416	(10,412)	8,705
INCOME BEFORE INTEREST CHARGES	50,461	71,237	131,462	139,346	169,224	172,144
INTEREST CHARGES						
Long-term debt	13,097	13,315	39,726	38,538	53,372	50,590
Short-term debt	527	(33)	1,141	1,058	1,272	1,214
Miscellaneous	1,128	744	3,620	2,001	4,731	2,810
Allowance for borrowed funds used during construction	(500)	(445)	(1,431)	(1,490)	(1,904)	(1,718)
Total	14,252	13,581	43,056	40,107	57,471	52,896
PERIOD RESULTS						
Net income	36,209	57,656	88,406	99,239	111,753	119,248
Preferred stock dividend requirements	948	991	2,840	3,039	3,812	3,974
Earnings available for common stock	35,261	56,665	85,566	96,200	107,941	115,274
Average number of common shares outstanding	61,902	61,902	61,902	61,902	61,902	61,902
Earnings per common share	\$0.57	\$0.91	\$1.38	\$1.55	\$1.74	\$1.86
Cash dividends per common share	\$0.405	\$0.390	\$1.185	\$1.150	\$1.575	\$1.530

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

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

	Year to Date		Twelve Months Ended	
	September 30 1996	September 30 1995	September 30 1996	September 30 1995
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 88,406	\$ 99,239	\$111,753	\$119,248
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	76,569	72,679	101,115	96,678
Amortization of:				
Nuclear fuel	10,884	10,888	14,675	13,283
Deferred Wolf Creek costs	8,712	9,703	11,616	12,978
Other	4,104	6,150	6,106	8,345
Deferred income taxes (net)	608	(15,139)	12,479	(2,159)
Deferred investment tax credit amortization and reversals	(3,106)	(10,524)	(4,152)	(11,610)
Deferred merger costs	0	0	0	0
Allowance for equity funds used during construction	(1,535)	(1,497)	(2,317)	(1,851)
Cash flows affected by changes in:				
Receivables	(5,488)	(23,908)	869	(12,749)
Fuel inventories	2,563	(3,489)	519	(5,412)
Materials and supplies	686	175	(1,711)	(1,078)
Accounts payable	(6,524)	(26,228)	(1,276)	5,611
Accrued taxes	27,336	80,601	(38,223)	40,728
Accrued interest	(3,623)	(3,014)	4,088	136
Wolf Creek refueling outage accrual	(9,016)	8,920	(6,493)	1,585
Pension and postretirement benefit obligations	(2,399)	(5,835)	(740)	(3,680)
Other operating activities	9,452	626	13,151	(6,936)
Net cash from operating activities	197,629	199,347	221,459	253,117
CASH FLOWS FROM INVESTING ACTIVITIES				
Utility capital expenditures	(76,624)	(89,390)	(121,304)	(125,073)
Allowance for borrowed funds used during construction	(1,431)	(1,490)	(1,904)	(1,718)
Purchases of investments	(15,557)	(37,811)	(34,505)	(64,975)
Purchases of nonutility property	(15,380)	0	(15,380)	0
Other investing activities	(4,445)	3,763	838	4,425
Net cash used in investing activities	(113,437)	(124,928)	(172,255)	(187,341)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of long-term debt	25,441	90,834	45,662	138,287
Repayment of long-term debt	(54,230)	(33,428)	(54,230)	(86,428)
Net change in short-term borrowings	16,000	(32,000)	35,000	(1,000)
Dividends paid	(76,201)	(74,243)	(101,316)	(98,657)
Other financing activities	(363)	464	2,646	197
Net cash used in financing activities	(89,353)	(48,373)	(72,238)	(47,601)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,161)	26,046	(23,034)	18,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,390	20,217	46,263	28,088
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$23,229	\$46,263	\$23,229	\$46,263
CASH PAID DURING THE PERIOD FOR:				
Interest (net of amount capitalized)	\$45,560	\$41,867	\$51,893	\$51,431
Income taxes	\$40,739	\$23,074	\$84,718	\$41,537

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

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

	Year to Date		Twelve Months Ended	
	September 30		September 30	
	1996	1995	1996	1995
Beginning balance	\$449,966	\$426,738	\$451,734	\$431,143
Net income	88,406	99,239	111,753	119,248
Dividends declared	538,372	525,977	563,487	550,391
	76,201	74,243	101,316	98,657
Ending balance	\$462,171	\$451,734	\$462,171	\$451,734

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

KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

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

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

On September 18, 1996, KCPL terminated a definitive merger agreement with UtiliCorp United Inc. (UtiliCorp) due to the failure of KCPL shareholders to approve the shares issuance necessary to consummate the merger. As a result of terminating the merger agreement, \$13 million in previously deferred merger costs and a \$5 million termination fee were expensed. See discussion of merger related legal proceedings in Part II - Other Information.

2. CONDITIONAL HOSTILE BID BY WESTERN RESOURCES, INC.

During the second quarter of 1996, Western Resources, Inc. (Western Resources) delivered an unsolicited proposal to KCPL's Board of Directors (the Western Resources Proposal). In the proposal, Western Resources would acquire all of the outstanding shares of KCPL common stock in a stock-for-stock transaction contingent on their ability to achieve numerous conditions. This proposal calls for an exchange of each share of KCPL common stock for Western Resources common stock valued at \$31.00, subject to a "collar" limiting the amount of Western Resources common stock that holders of KCPL common stock would receive to no more than 1.1 shares, and no less than 0.933 shares, of Western Resources common stock for each share of KCPL common stock. After careful consideration of the Western Resources Proposal, it was rejected by KCPL's Board of Directors, who determined that it is not in the best interests of KCPL, its shareholders, employees or customers.

In July 1996 Western Resources commenced its exchange offer for KCPL common stock. Western Resources' proposed exchange offer is still subject to numerous conditions, including the tender of at least 90% of the outstanding shares of KCPL common stock, the availability of pooling of interests accounting, obtaining shareholder and regulatory approvals, and complying with certain laws that may prohibit the proposed transaction. The KCPL Board has recommended that KCPL shareholders reject Western Resources' exchange offer and not tender their shares.

The terminated UtiliCorp merger agreement included certain termination provisions which would require an additional payment to UtiliCorp by KCPL of \$53 million upon the signing of an agreement to combine or the closing of a combination with Western Resources within two and one-half years from the termination of the UtiliCorp agreement.

Through September 30, 1996, about \$13 million in costs to defend against this unsolicited proposal, including costs to explain to KCPL shareholders why the Board of Directors rejected this offer, were expensed.

3. MISSOURI STIPULATION AND AGREEMENT

During July 1996 the Missouri Public Service Commission approved a stipulation and agreement to implement new pricing structures for

our Missouri customers, reduce Missouri annual electric revenues, and increase depreciation and amortization expense.

The revenue reduction will take place in two phases. Phase one, implemented in July 1996, is designed to reduce revenues from commercial and industrial customers by an estimated \$9 million per year. The overall decrease is achieved with an increase in summer revenues offset by a larger decrease in winter revenues. This design more closely follows our increased costs of generating electricity in the summer. In addition, depreciation and amortization expense will increase a total of \$9 million per year.

The second phase, scheduled to take effect January 1, 1997, will further reduce Missouri residential, commercial and industrial revenues by an estimated \$11 million per year.

4. SECURITIES AVAILABLE FOR SALE

KLT Inc., a wholly-owned subsidiary of KCPL, held a \$5 million investment in convertible preferred stock. In September 1996 the investee company completed a public offering triggering conversion of the preferred stock into common stock. As a result of the conversion, the carrying value of the investment at September 30, 1996, was adjusted to its market value of \$16.3 million. The \$11.3 million increase in market value over original cost results in an unrealized gain at September 30, 1996, of \$6.9 million (net of deferred taxes of \$4.4 million).

5. CAPITALIZATION

From January 1 to September 30, 1996, KCPL repaid \$47 million in medium-term notes (notes). From October 1 through November 5, 1996, KCPL borrowed an additional \$50 million in notes decreasing the amount of registered but unissued notes from \$98 million at September 30, 1996, to \$48 million.

KLT Inc. amended its long-term revolving line of credit agreement during the second quarter of 1996. The agreement was revised to extend the maturity date to 1999 and increase the amount of credit available to \$150 million. The other significant terms of the agreement were not changed. As of September 30, 1996, \$43 million had been borrowed against this line. From October 1 through November 5, 1996, an additional \$3 million was borrowed against this line.

6. SUBSEQUENT EVENT

On October 22, 1996, heavy snow caused roughly 175,000 customer outages throughout the KCPL service territory. Early estimates indicate the costs to repair damage from this storm could exceed \$10 million. The Company plans on filing requests with the Missouri Public Service Commission and the Kansas Corporation Commission for approval to defer incremental storm expenses and amortize the deferral over a five year period.

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

REGULATION AND COMPETITION

As competition develops throughout the electric utility industry, we are positioning Kansas City Power & Light Company (KCPL) to excel in an open market. We're improving the efficiency of KCPL's core utility operations and creating growth through its unregulated subsidiary. As competition presents new opportunities, we will also consider various strategies including partnerships, acquisitions, combinations, additions to or dispositions of service territory, and restructuring wholesale and retail businesses.

Competition in the electric utility industry was accelerated with the National Energy Policy Act of 1992. This gave the Federal Energy Regulatory Commission (FERC) the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). KCPL, already active in the wholesale wheeling market, was one of the first utilities to receive FERC's approval of an open-access tariff for wholesale wheeling transactions. In April 1996 FERC issued an order requiring all owners of transmission facilities to adopt open-access tariffs and participate in wholesale wheeling. KCPL has made the necessary filings to comply with additional terms required by the April order.

Certain states have also adopted open access requirements for utilities' retail electric service, allowing competing suppliers access to their retail customers (retail wheeling). Many other

states, including Kansas, are actively considering retail wheeling. Retail wheeling provides growth opportunities for low-cost producers and risks for higher cost producers, especially those with large industrial customers. The loss of major customers could result in under-utilized assets and place an unfair burden on the remaining customer base or shareholders if an adequate and fair provision for recovery of these lost revenues is not provided.

Although Missouri and Kansas have not yet authorized retail wheeling, we believe KCPL is positioned well to compete in an open market with its diverse customer mix and pricing strategies. About 22% of KCPL's retail mwh sales are to industrial customers compared to the utility average of about 35%. KCPL has a flexible rate structure with industrial rates that are competitively priced within our region. In addition, long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales. There has not been direct competition for retail electric service in our service territory although there has been competition in the bulk power market and between alternative fuels.

Increased competition could also force utilities to change accounting methods. Financial Accounting Standards Board (FASB) Statement No. 71 - Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. An entity's operations could stop meeting the requirements of FASB 71 for various reasons, including a change in regulation or a change in the competitive environment for a company's regulated services. For those operations no longer meeting the requirements of regulatory accounting, regulatory assets would be written off. KCPL's regulatory assets will be maintained as long as FASB 71 requirements are met. In a competitive environment, electric rates and therefore asset recoverability would be determined by the market place. These rates could be lower than regulated cost-based rates.

NONREGULATED OPPORTUNITIES

In 1992 we formed KLT Inc. to supplement the growth of our electric utility operations. It is a wholly-owned subsidiary pursuing nonregulated, mainly energy-related business ventures. KLT's strategy capitalizes on new market opportunities by combining our expertise in energy-related fields with the knowledge of our joint venture partners. Existing ventures include investments in domestic and international nonregulated power production, energy services, oil and gas reserves, and affordable housing limited partnerships.

KLT has grown steadily since inception. We had a total equity investment in KLT of \$51 million as of September 30, 1996, and expect that investment to grow to about \$165 million within the next five years. KLT's consolidated assets at September 30, 1996, totaled \$201 million. Within the next five years we expect KLT's consolidated assets to exceed \$500 million, generated through the \$165 million of equity investment, subsidiary retained earnings and borrowings. The growth of KLT accounts for the majority of the increase in KCPL's consolidated investments and nonutility property.

RESULTS OF OPERATIONS

Three-month period: three months ended September 30, 1996, compared with three months ended September 30, 1995

Nine-month period: nine months ended September 30, 1996, compared with nine months ended September 30, 1995

Twelve-month period: twelve months ended September 30, 1996, compared with twelve months ended September 30, 1995

EARNINGS OVERVIEW

Earnings Per Share (EPS)
For the Periods Ended
September 30

	1996	1995	Decrease
Three months ended	\$0.57	\$0.91	\$(0.34)
Nine months ended	\$1.38	\$1.55	\$(0.17)
Twelve months ended	\$1.74	\$1.86	\$(0.12)

Current period earnings decreased significantly due to extremely mild weather during the third quarter of 1996 and the termination of the UtiliCorp merger agreement. Terminating the merger agreement and continuing to defend against Western Resources' hostile offer reduced EPS for the three-month period by \$0.26 and for the nine- and twelve-month periods by \$0.31. In addition, EPS for the prior nine- and twelve-month periods include a \$0.05 per share gain on the sale of rail cars.

Despite the unfavorable weather and merger related charges, continued load growth contributed favorably to EPS in all periods. In addition, a new pricing structure for Missouri customers designed to increase summer revenues and decrease winter and overall revenues contributed about \$0.05 per share to third-quarter earnings.

MEGAWATT-HOUR (MWH) SALES AND OPERATING REVENUES

Sales and revenue data:

(revenue change in millions)

	Periods ended September 30, 1996 versus September 30, 1995					
	Three Months		Nine Months		Twelve Months	
	Mwh	Revenues	Mwh	Revenues	Mwh	Revenues
	Increase (decrease)					
Retail Sales:						
Residential	(12)%	\$ (11)	1 %	\$ 3	3 %	\$ 8
Commercial	(3) %	(1)	4 %	12	4 %	15
Industrial	8 %	1	6 %	5	4 %	5
Other	(4) %	-	(5)%	-	(6)%	-
Total Retail	(5) %	(11)	3 %	20	3 %	28
Sales for Resale:						
Bulk Power Sales	46 %	4	(3)%	1	5 %	1
Other	38 %	-	23 %	-	19 %	-
Total		(7)		21		29
Other revenues		-		-		4
Total Operating Revenues		\$ (7)		\$ 21		\$ 33

In July 1996 we implemented phase one of a new Missouri pricing structure designed to reduce revenues from commercial and industrial customers by an estimated \$9 million per year. The overall decrease is achieved with an increase in summer revenues offset by a larger decrease in winter revenues. This design more closely follows our increased costs of generating electricity in the summer. This new pricing structure increased third-quarter revenues about \$6 million. In addition, depreciation and amortization expense will increase a total of \$9 million per year. The second phase of this stipulation, scheduled to take effect January 1, 1997, will further reduce Missouri residential, commercial and industrial revenues by an estimated \$11 million per year.

During April and May of 1995 the classification of about 600 net commercial customers was changed to industrial to more appropriately reflect their business operations. This change results in the reclassification of about \$680,000 (10,300 mwh sales) from commercial to industrial in each subsequent month. Prior periods have not been restated.

Extremely mild weather during the third quarter of 1996, compared with above normal temperatures during the same period in 1995, decreased third-quarter revenues significantly. Through the second quarter of 1996, year-to-date and twelve-month weather conditions were above normal and favorable compared with the prior year. However, third-quarter conditions were so mild they reduced overall nine- and twelve-month weather conditions below normal and the comparable 1995 periods.

Despite unfavorable weather, revenues and mwh sales for the nine- and twelve-month periods increased due mainly to continued load growth. Load growth consists of higher usage-per-customer as well as the addition of new customers. Seasonal revenues also resulted in increased customer accounts receivable at September 30, 1996, compared with December 31, 1995.

KCPL has long-term sales contracts with certain major industrial customers. These contracts are tailored to meet customers' needs in exchange for their long-term commitment to purchase energy. Long-term contracts are now in place for a large portion of KCPL's industrial sales and more contracts are under negotiation. Overall, these contracts tend to reduce the average mwh price of industrial sales.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems.

Total revenue per mwh sold varies with changes in the mix of mwh sales among customer classifications and the effect of declining price per mwh as usage increases. An automatic fuel adjustment provision is included in only sales for resale tariffs, which apply to less than 1% of revenues.

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

FUEL AND PURCHASED POWER

Combined fuel and purchased power expenses for the three-month period decreased 2% or \$1 million, despite a 2% increase in total mwh sales (total of Retail and Sales for Resale). The decrease reflects approximately \$4 million in incremental costs incurred in the third quarter of 1995 when a fire forced an outage at LaCygne I, a low-cost, coal-fired generating unit. We replaced power by increasing the generation at higher-cost, coal-fired units and purchasing power on the wholesale market. Damage was covered by insurance, but the incremental fuel and purchased power increased 1995 expenses. This decrease is partially offset by additional capacity purchases in the 1996 period. These contracts provide a cost-effective alternative to constructing new capacity.

Combined fuel and purchased power expenses increased 8% or \$10 million for the nine-month period while total mwh sales increased only 2%. The additional expense reflects an increase in replacement power expenses for Wolf Creek's spring 1996 refueling outage (see Wolf Creek section), an increase in capacity purchases and an increase in the charge for each mwh of power purchased. These year-to-date increases are partially offset by the incremental LaCygne fire costs incurred in the prior year.

Combined fuel and purchased power expenses increased 11% or \$18 million for the twelve-month period while total mwh sales increased only 4%. The additional expense reflects the increase in replacement power expenses for Wolf Creek's spring 1996 refueling outage and an increase in capacity purchases. Also contributing to the increase are savings realized in the prior twelve-month period when Wolf Creek completed a record short refueling outage. These twelve-month increases are partially offset by the incremental LaCygne fire costs incurred in the prior year.

Overall fuel prices varied only slightly in all periods as increases in the cost of nuclear fuel were offset by decreases in the cost of coal. While nuclear fuel costs remain much less than the price of coal, the cost of nuclear fuel increased about 17% during the twelve-month period. Nuclear fuel costs averaged 54% of the price of coal during the current twelve months compared with 45% during the prior twelve-month period. We expect this relationship to remain around 55% to 60% through the year 2000. Coal continues to account for about 75% of generation and nuclear fuel about 25%.

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

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined operations and maintenance expense for the nine- and twelve-month periods reflect savings realized from Wolf Creek's 1995 and our 1994 voluntary early retirement programs. In addition, the 1995 periods reflect several one-time costs including repairs of the June 1995 storm damage, an extended coal plant maintenance outage and our share of Wolf Creek's voluntary early retirement program costs. The timing of our normal maintenance program also resulted in changes in maintenance expense between periods.

We continue to emphasize new technologies, improved methods and cost control. We are changing processes to provide increased efficiencies and improved operations. Through the use of CellNet, a wireless data network, most of our customer meters will be automatically read by the end of 1996. Using this network, we can provide an expanded line of products and services to customers in most of our service area. These types of changes have allowed us to assimilate work performed by those who elected to take part in the early retirement program.

OTHER INCOME

Miscellaneous Income

The nine and twelve months ended September 30, 1995, include a net \$5 million gain from the sale of steel railcars, which were replaced by leased aluminum cars. Aluminum cars are lighter-weight and offer more coal capacity per car, contributing to lower delivered coal prices. The sale occurred in the first quarter of 1995. The third quarter of 1995 includes an adjustment to reduce this gain from \$8 million to \$5 million. The adjustment was based on a re-calculation of the cars' net cost.

The 1996 periods also reflect increased miscellaneous income from certain subsidiary investments.

Miscellaneous Deductions

Miscellaneous deductions increased in all periods due to the termination of the UtiliCorp merger agreement and the continued defense against Western Resources' hostile offer. During the third quarter of 1996, \$13 million in previously deferred merger costs and a \$5 million termination fee were expensed. In addition, costs incurred to defend against Western Resources' unsolicited proposal increased expense in the three-month period by \$8 million, and in the nine- and twelve-month periods by \$13 million. (See Notes 1 & 2 to the Financial Statements.)

All periods reflect increased subsidiary operating expenses.

Income Taxes

During the first nine months of 1996, we accrued tax credits of \$8.5 million, or three-fourths, of the total expected 1996 credits related to KLT's affordable housing partnership investments. During the first nine months of 1995, we accrued tax credits of \$3.4 million. Accrued tax credits for the twelve-month period increased \$5 million. The 1995 nine- and twelve-month periods also reflect the 1995 income tax expense related to the gain on the sale of railcars. Non-taxable increases in the cash surrender value of corporate-owned life insurance contracts also affect the relationship between miscellaneous deductions and income taxes.

INTEREST CHARGES

Long-term interest expense for the nine- and twelve-month periods increased mainly due to increases in subsidiary debt. These borrowings were used to make additional subsidiary investments, including affordable housing limited partnerships. The affordable housing partnerships provide tax benefits that more than offset the related interest expense.

WOLF CREEK

Wolf Creek, one of KCPL's principal generating units, represents about 18% of accredited generating capacity. The plant's operating performance has remained strong, contributing about 25% of annual mwh generation while operating, on average, above 80% of capacity over the last three years. It has the lowest fuel cost of any of KCPL's generating units. The Utility Data Institute, an industry database, ranked Wolf Creek as the third-most economical nuclear plant in the nation, based on 1995 production costs per net mwh generated.

During 1994 Wolf Creek completed its seventh scheduled refueling and maintenance outage in only 47 days, a plant record. Its eighth scheduled refueling and maintenance outage began in early February 1996 and was completed in April 1996 (64 days). The incremental operating, maintenance and replacement power costs are accrued evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced. The eighth outage started one month early when the plant was shut-down after water flow from the cooling lake was restricted by ice buildup on an intake screen. This extended the length of the outage and is the primary reason for the increase in Wolf Creek related replacement power and maintenance expenses for the nine- and twelve-month periods.

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

regulatory commissions could consider reducing rates by excluding the Wolf Creek investment from rate base.

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

CAPITAL REQUIREMENTS AND LIQUIDITY

As of September 30, 1996, KCPL's liquid resources included cash flows from operations, \$98 million of registered but unissued medium-term notes (notes) and \$351 million of unused bank lines of credit. The unused lines consist of KCPL's short-term bank lines of credit of \$244 million and KLT's long-term revolving line of credit of \$107 million.

Effective October 1, 1996, KCPL increased its available short-term lines of credit \$36 million to \$280 million. Also, from October 1 through November 5, 1996, KCPL borrowed an additional \$50 million in notes and KLT borrowed an additional \$3 million against its line of credit.

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

During the twelve months ended September 30, 1996, KCPL's dividend payout ratio was 91%. We expect day-to-day operations, utility construction requirements and dividends to be met with internally-generated funds. Uncertainties affecting our ability to meet these requirements with internally-generated funds include the effect of inflation on operating expenses, the level of mwh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. We might incur additional debt and/or issue additional equity to finance growth or take advantage of new opportunities.

Through the first nine months of 1996, KLT issued about \$20 million in long-term debt to finance nonutility investments. KCPL's short-term borrowings increased during this period mainly to repay maturing medium-term notes and make quarterly income tax payments. Debt service requirements will be provided from operations, refinancings and/or short-term debt.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On May 20, 1996, KCPL commenced litigation captioned Kansas City Power & Light Co. v. Western Resources, Inc., et al., C.A. No. 96-0552-CV-W-5 in the United States District Court for the Western District of Missouri, Western Division (District Court), against Western Resources, Inc. (Western Resources) and Robert L. Rives (Rives). KCPL sought a declaratory judgment that the Amended and Restated Agreement and Plan of Merger by and among KCPL, KC Merger Sub, Inc., UtiliCorp and KC United Corp., dated as of January 19, 1996, as amended and restated as of May 20, 1996 (Amended Merger Agreement), and the transactions contemplated thereby (collectively, the Transaction) were in accordance with Missouri law and were not void, voidable, nor subject to injunction or rescission based upon any claim that KCPL's directors, officers or agents acted illegally or inequitably in adopting the Amended Merger Agreement. On May 24, 1996, Jack R. Manson (Manson), a shareholder of KCPL, filed a motion to intervene in the above action as a representative of a class consisting of similarly situated KCPL shareholders. On June 7, 1996, this motion to intervene was granted. Manson filed counterclaims against KCPL and each of its directors alleging that KCPL and its directors breached their fiduciary duties, and their actions in adopting the Amended Merger Agreement were illegal and ultra vires; that the adoption of the Amended Merger Agreement illegally deprived KCPL shareholders of voting and appraisal rights under Missouri law; and that the adoption of the Amended Merger Agreement was a disproportionate response to Western Resources' acquisition offer.

On June 7, 1996, Western Resources and Rives answered the complaint and asserted two counterclaims against KCPL, alleging that the Amended Merger Agreement was illegal under Missouri law because it did not require approval of two-thirds of all outstanding KCPL shares and did not provide dissenters' rights to

KCPL shareholders, and that the directors of KCPL breached their fiduciary duties by adopting the Amended Merger Agreement.

On July 25 and 26, 1996, the District Court heard evidence and argument on the issues of the legality of the Amended Merger Agreement and its adoption. On August 2, 1996, the District Court ruled that although the transactions contemplated by the Amended Merger Agreement were legally valid and authorized under Missouri law, their use in conjunction would result in a merger between KCPL and UtiliCorp, rendering applicable the Missouri statute requiring approval of certain mergers by two-thirds of the outstanding shares of the merging corporation's stock. There have been no material developments in the litigation since the District Court's ruling.

Item 4. Submission of Matters to a Vote of Security Holders.

The Company held a Special Meeting of Shareholders on August 16, 1996, to vote on matters relating to the proposed merger of the Company and UtiliCorp United Inc. (combined company to be named Maxim Energy Inc.). At that meeting, votes cast with respect to the approval of the issuance of up to a maximum of 54,000,000 shares of Kansas City Power & Light Company common stock, no par value, pursuant to the Merger Agreement with UtiliCorp United Inc. were as follows:

FOR	AGAINST	ABSTAIN
23,581,467	25,150,026	904,477

With respect to the approval of the Maxim Stock Incentive Plan, the votes cast were as follows:

FOR	AGAINST	ABSTAIN
20,559,889	16,760,032	12,316,049

With respect to the approval of the Maxim Management Incentive Compensation Plan, the votes cast were as follows:

FOR	AGAINST	ABSTAIN
21,073,523	16,027,603	12,534,845

Since the share issuance, which was a condition to the consummation of the merger, was not approved, the two incentive plans will not be implemented. For information regarding termination of the Merger Agreement with UtiliCorp, see "Notes to Consolidated Financial Statements" on page 5 of this Form 10-Q.

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

Exhibits

3(ii). By-laws of the Company, as amended August 6, 1996.

27. Financial Data Schedule (for the nine months ended September 30, 1996).

Reports on Form 8-K

A Report on Form 8-K was filed with the Securities and Exchange Commission on September 19, 1996, with attached copy of a press release announcing Kansas City Power & Light Company and UtiliCorp United Inc. had terminated the Amended and Restated Agreement and Plan of Merger among Kansas City Power & Light Company, KC Merger Sub, Inc., UtiliCorp United Inc., and KC United Corp, dated as of January 19, 1996, and as amended May 20, 1996.

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: November 7, 1996

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

Dated: November 7, 1996

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

KANSAS CITY POWER & LIGHT COMPANY

BY-LAWS

AS AMENDED AUGUST 6, 1996

KANSAS CITY POWER & LIGHT COMPANY

BY-LAWS

ARTICLE I

Offices

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

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

ARTICLE II

Shareholders

Section 1. All meetings of the shareholders shall be held at such place within or without the State of Missouri as may be selected by the Board of Directors or Executive Committee, but if the Board of Directors or Executive Committee shall fail to designate a place for said meeting to be held, then the same shall be held at the principal place of business of the Company.

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

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

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

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

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

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

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

Missouri, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

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

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

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

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

Section 9. The vote for directors and the vote on any other question that has been properly brought before the meeting in accordance with these By-laws shall be by ballot. Each ballot cast by a shareholder must state the name of the shareholder voting and the number of shares voted by him and if such ballot be cast by a proxy, it must also state the name of such proxy. All elections and all other questions shall be decided by plurality vote, unless the question is one on which by express provision of the statutes or of the articles of consolidation or of these By-laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

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

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

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

Section 12. Unless otherwise provided by statute or by the articles of consolidation, any action required to be taken by shareholders may be taken without a meeting if a consent in

writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

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

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

To be timely, a shareholder's notice to the Secretary must be delivered to, 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, telecopy, telegram, telex or similar means of communication addressed to such director at such address as appears on the books of the Company, or by mail by depositing the same in a post office or letter box in a postpaid, sealed wrapper addressed to such director at such address as appears on the books of the Company. Such notice shall be deemed to be given at the time when the same shall be thus telephoned, telecopied, telegraphed or mailed.

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

Section 10. The Board of Directors may by resolution provide for an Executive Committee of said Board, which shall serve at the pleasure of the Board of Directors and, during the intervals between the meetings of said Board, shall possess and may exercise any or all of the powers of the Board of Directors in the management of the business and affairs of the corporation,

except with respect to any matters which, by resolution of the Board of Directors, may from time to time be reserved for action by said Board.

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

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

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

Section 14. In addition to the Executive Committee provided for by these By-laws, the Board of Directors, by resolution adopted by a majority of the whole Board of Directors, (i) shall designate, as standing committees, an Audit Committee and a Nominating & Compensation Committee, each to consist of three or more nonemployee directors, and (ii) may designate one or more special committees, each consisting of two or more directors. Each standing or special committee shall have and may exercise so far as may be permitted by law and to the extent provided in such resolution or resolutions or in these By-laws, the responsibilities of the business and affairs of the corporation. The Board of Directors may, at its discretion, appoint qualified directors as alternate members of a standing or special committee to serve in the temporary absence or disability of any member of a committee. Except where the context requires otherwise, references in these By-laws to the Board of Directors shall be deemed to include the Executive Committee, a standing committee or a special committee of the Board of Directors duly authorized and empowered to act in the premises.

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

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

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

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

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

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

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

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

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

UT
1,000

	9-MOS	
	Dec-31-1996	
	Sep-30-1996	
	PER-BOOK	
2,349,785		
211,736		
163,151		
171,200		
	0	
	2,895,872	
	449,697	
(1,714)		
917,092	462,171	
	1,276	
		89,000
	834,136	
	0	
35,000	0	
46,591		
	0	
		0
972,777		
2,895,872		
	703,031	
	65,769	
	492,744	
	558,513	
	144,518	
	(13,056)	
131,462		
	43,056	
		88,406
	2,840	
85,566		
	73,354	
	39,726	
	197,629	
		1.38
		1.38