

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 1995

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

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 incorporation or organization)	(I.R.S. Employer Identification No.)

1201 Walnut Street
Kansas City, Missouri 64106
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Cumulative Preferred Stock par value \$100 per share - 3.80%, 4.50%, 4.35%	New York Stock Exchange
Common Stock without par value	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. X

On February 29, 1996, KCPL had 61,902,083 outstanding shares of common stock without par value, and the aggregate market value (based upon the closing price of these shares on the New York Stock Exchange) of voting securities held by nonaffiliates of KCPL was approximately \$1,567,522,913.

Documents Incorporated by Reference

Portions of the 1996 Joint Proxy Statement and Prospectus are incorporated by reference in Part III of this report.

TABLE OF CONTENTS

	Page Number
Item 1. Business	1
Proposed Merger With UtiliCorp United Inc.	1
Regulation	2
Rates	2
Environmental Matters	2
Air	2
Water	3
Waste Disposal	3
Competition	3

	Fuel Supply	3
	Coal	4
	Nuclear	4
	High-Level Waste	4
	Low-Level Waste	5
	Employees	5
	Subsidiaries	5
	Officers of the Registrant	6
	Company Officers	6
	KLT Inc. Officers	6
Item 2.	Properties	7
	Generation Resources	7
	Transmission and Distribution Resources	8
	General	8
Item 3.	Legal Proceedings	8
Item 4.	Submission of Matters to a Vote of Security Holders	8
Item 5.	Market for the Registrant's Common Equity and Related Stockholder Matters	9
	Market Information	9
	Holders	9
	Dividends	9
Item 6.	Selected Financial Data	10
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 8.	Consolidated Financial Statements	17
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	36
Item 10.	Directors and Executive Officers of the Registrant	36
Item 11.	Executive Compensation	36
Item 12.	Security Ownership of Certain Beneficial Owners and Management	36
Item 13.	Certain Relationships and Related Transactions	36
Item 14.	Exhibits and Reports on Form 8-K	37

PART I

ITEM 1. BUSINESS

Kansas City Power & Light Company (KCPL) was incorporated in Missouri in 1922 and is headquartered in downtown Kansas City, Missouri. KCPL is a medium-sized public utility engaged in the generation, transmission, distribution and sale of electricity to over 430,000 customers in a 4,700 square mile area located in all or portions of 23 counties in western Missouri and eastern Kansas. About two-thirds of the total retail kilowatt-hour sales and revenue are from Missouri customers and the remainder from Kansas customers. Customers include approximately 379,000 residences, 50,000 commercial firms, and 3,000 industrials, municipalities and other electric utilities. Retail revenues in Missouri and Kansas accounted for approximately 91% of KCPL's total revenues in 1995. Wholesale firm power, bulk power sales and miscellaneous electric revenues accounted for the remainder of revenues. Low fuel costs and superior plant performance enable KCPL to serve its customers well while maintaining a leadership position in the bulk power market.

KCPL as a regulated utility does not have direct competition for retail electric service in its service territory; however, there is competition in the generation of electricity and between electric and gas as an energy source.

KLT Inc., a wholly-owned, unregulated subsidiary of

KCPL, pursues opportunities in domestic and international energy-related ventures. See "Subsidiaries" on page 5 of this report. KCPL also owns 47% of Wolf Creek Nuclear Operating Corporation, the operating company for the Wolf Creek Generating Station (Wolf Creek).

Proposed Merger With UtiliCorp United Inc.

On January 19, 1996, KCPL, UtiliCorp United Inc. (UtiliCorp) and KC United Corp. (KCU) entered into an Agreement and Plan of Merger (the Merger Agreement) which provides for a strategic business combination of KCPL and UtiliCorp in a "merger-of-equals" transaction (the Transaction). Pursuant to the Merger Agreement, KCPL and UtiliCorp will merge with and into KCU (which may be renamed at the discretion of KCPL and UtiliCorp), a corporation formed for the purpose of the Transaction. Under the terms of the Merger Agreement, each share of KCPL common stock will be exchanged for one share of KCU common stock and each share of UtiliCorp common stock will be exchanged for 1.096 shares of KCU common stock. Based on the number of shares of KCPL common stock and UtiliCorp common stock outstanding on the date of the Merger Agreement, KCPL's common shareholders will receive about 55% of the common equity of KCU and UtiliCorp's common shareholders will receive about 45%.

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

The Transaction will create a diversified energy company with total combined revenues of over \$3.5 billion and over \$6.5 billion in total assets, serving about 2.5 million customers in the United States, Canada, the United Kingdom, New Zealand, Australia, China and Jamaica. The business of the combined companies will consist of electric utility operations, gas utility operations and various nonutility enterprises including independent power projects, and gas marketing, gathering and processing operations.

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

Regulation

KCPL is subject to the jurisdiction of the Public Service Commission of the State of Missouri (MPSC), the State Corporation Commission of the State of Kansas (KCC), the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC) and certain other governmental regulatory bodies as to various phases of its operations, including rates, service, safety and nuclear plant operations, environmental matters and issuances of securities.

Rates

KCPL's retail electric rates are regulated by the MPSC and KCC for sales within the respective states of Missouri and Kansas. FERC approves KCPL's rates for wholesale bulk electricity sales. Firm electric sales are made by contractual arrangements between the entity being served and KCPL.

KCPL has not increased any of its retail or wholesale rates since 1988. Pursuant to a stipulation and agreement with the MPSC, KCPL reduced Missouri retail rates by about 2.7% effective January 1, 1994.

Environmental Matters

KCPL, like other electric utilities, is subject to regulation by various federal, state and local authorities with respect to air and water emissions, waste disposal and other environmental matters. Environmental regulations and standards are subject to continual review and KCPL cannot presently estimate any additional cost of meeting such new regulations or standards which might be established in the future, nor can it estimate the possible effect which any new regulations or standards could have upon its operations. However, KCPL currently estimates that expenditures necessary to comply with environmental regulations during 1996 will not be material with the possible exceptions set forth below.

Air

The Clean Air Act Amendments of 1990 (Act) contain acid rain, air toxic and permitting provisions that affect KCPL. The acid rain provisions established a two-phase utility pollution control program for reducing national SO₂ emissions by 10 million tons and Nox emissions by 2 million tons from 1980 levels. Compliance required KCPL to install continuous emission monitoring equipment (CEM) at all of its coal-fired electric generating facilities. KCPL has completed the installation task and all required equipment is now certified. As of December 31, 1995, KCPL had spent approximately \$5 million of a budgeted \$5.245 million on this project. The Clean Air Act also calls for a study by the Environmental Protection Agency (EPA) of certain toxic emissions into the air. Based on the outcome of these studies, regulation of certain air toxic emissions, including mercury, could be required in the future. This study was scheduled to be completed in November of 1995, and the EPA has sought an extension until April 15, 1996. A final provision of the Act establishes a state operating permit program and annual state emission fees. Compliance costs and emission fees for meeting the requirements of this program are estimated at less than \$500,000 annually. KCPL and several other utilities in Missouri are involved in a dispute with the Missouri Department of Natural Resources over the correct method of calculating emission fees. The amounts in dispute are an additional \$191,085 for 1994 and \$275,407 for 1995.

Water

KCPL commissioned an environmental assessment of its Northeast Station and of its Spill Prevention Control and Countermeasure plan as required by the Clean Water Act. The assessment revealed contamination of the site by petroleum products, heavy metals, volatile and semi-volatile organic compounds, asbestos, pesticides and other regulated substances. Based upon studies and discussions with Burns & McDonnell, the cost of the cleanup could range between \$1.5 million and \$6 million.

Also, groundwater analysis has indicated that certain volatile organic compounds are moving through the Northeast site, just above bedrock, from unidentified sources off-site. The Missouri Department of Natural Resources (MDNR) was notified of the possible release of petroleum products and the presence of volatile organic compounds moving under the site. Monitoring and removal of free petroleum products continues at the site. MDNR has concluded that the volatile organic compounds originated from a source off-site. MDNR stated it will continue to investigate the source of the compounds. Because KCPL believes it will not have liability in this matter, it has not performed a study regarding the possible cost of remediation of the flow of organic compounds.

Waste Disposal

The Comprehensive Environmental Response, Compensation and Liability Act (Superfund) established joint and several liability for persons and entities that generate, transport or deposit hazardous waste at contaminated sites, as well as the current owners of such sites and predecessors in title since the time such sites were contaminated.

Interstate Power Company of Dubuque, Iowa (Interstate) filed a lawsuit in 1989 against KCPL in the Federal District Court for the District of Iowa seeking from KCPL contribution and indemnity under the Superfund for cleanup costs of hazardous substances at the site of a demolished gas manufacturing plant in Mason City, Iowa. A settlement was reached among the parties in an amount which was not material to KCPL. Although there is currently no evidence that groundwater remediation will be required at the site by the EPA, if groundwater remediation is required, KCPL, as part of the settlement, would be required to pay Interstate 50% of those costs.

Competition

See "Regulation and Competition" on page 10 of this report.

Fuel Supply

KCPL's principal sources of fuel for electric generation are coal and nuclear fuel. These fuels are expected to satisfy about 99% of the 1996 fuel requirements with the remainder provided by other sources including natural gas, oil and steam. The 1995 and estimated 1996 fuel mix, based on total Btu generation, are as follows:

	1995	Estimated 1996
Coal	70%	75%
Nuclear	29%	24%
Other	1%	1%

The fuel mix varies depending on the operation of Wolf Creek which requires a refueling and maintenance outage about every 18 months. The plant is currently being refueled. This outage is expected to be completed in the second quarter of 1996.

Coal

KCPL's average cost per million Btu of coal burned, excluding fuel handling costs, was \$0.89 in 1995, \$0.89 in 1994, and \$0.96 in 1993. KCPL's cost of delivered coal is about 64% of the regional average.

During 1996, approximately 11.0 million tons of coal (7.6 million tons, KCPL's share) are projected to be burned at KCPL's generating units, including jointly-owned units. KCPL has entered into coal-purchase contracts with various suppliers in Wyoming's Powder River Basin, the nation's principal supplier of low-sulfur coal. These contracts, with expiration dates ranging from 1996 through 2003, will satisfy approximately 95% of the projected coal requirements for 1996, 70% for 1997, 25% for 1998, and 20% thereafter.

Nuclear

The Wolf Creek Nuclear Operating Corporation (WCNOC), which operates Wolf Creek, has on hand or under contract 75% of the uranium required to operate Wolf Creek through the year 2003. The balance is expected to be obtained through spot market and contract purchases.

Contracts are in place for 100% of Wolf Creek's uranium enrichment requirements for 1996-1997, 90% of such requirements for 1998-1999, 95% of such requirements

for 2000-2001, and 100% for 2006-2014. The balance of the 1998-2005 requirements is expected to be obtained through a combination of spot market and contract purchases. The decision not to contract for the full enrichment requirements is one of cost rather than availability of service.

Contracts are in place for the conversion of uranium to uranium hexafluoride sufficient to meet Wolf Creek's requirements through 2000.

High-Level Waste

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent fuel and high-level waste. The DOE has not yet constructed a high-level waste disposal site and has announced that a permanent repository may not be in operation prior to 2010 although an interim storage facility may be available earlier. The DOE likely will not immediately begin accepting Wolf Creek's spent fuel upon opening of the permanent repository. Instead, KCPL expects to experience a multi-year transfer period beginning as much as six years after opening of the permanent repository. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through 2006 while still maintaining fuel core off-load capability. KCPL believes adequate additional storage space can be obtained, as necessary.

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 northern Nebraska to locate a disposal facility. The present estimate of the cost for such a facility is about \$153 million. WCNO and the owners of the other five nuclear units in the compact have provided most of the pre-construction financing for this project. As of January 1, 1996, the compact has spent in excess of \$68 million, of which \$11 million was WCNO's share.

There is uncertainty as to whether this project will be completed. Significant opposition to the project has been raised by the residents in the area of the proposed facility and attempts have been made through litigation and proposed legislation to slow down or stop development of the facility.

Employees

At December 31, 1995, KCPL and its wholly-owned subsidiaries had 2,319 employees (including temporary and part-time employees), 1,516 of which were represented by three local unions of the International Brotherhood of Electrical Workers (IBEW). KCPL has labor agreements with Local 1613, representing clerical employees (which expires March 29, 1996), with Local 1464, representing outdoor workers (which expires January 8, 1997), and with Local 412, representing power plant workers (which expires February 28, 1998). KCPL is also a 47% owner of WCNO, which employs 1,040 persons to operate Wolf Creek, 336 of which are represented by the IBEW.

Subsidiaries

KLT Inc. has six wholly-owned direct subsidiaries:

— KLT Investments Inc., a passive investor in affordable housing investments which generate tax credits.

— KLT Investments II Inc., formed in 1995 to make

additional passive investments in economic, community-development and energy-related projects.

- KLT Energy Services Inc., a partner in an energy management services business.
- KLT Power Inc., a participant in independent power and cogeneration projects. KLT Power Inc. has two subsidiaries: KLT Iatan Inc., which was formed for the co-development of the Iatan Unit 2 coal-fired power plant, and KLT Power International, which participates in international independent power projects.
- KLT Gas Inc., a participant in oil and gas reserves and exploration.
- KLT Telecom Inc., formed in 1995 to take advantage of investment opportunities in telecommunications and fiber optics.

KCPL's equity investment in KLT Inc. at December 31, 1995, was \$41 million.

Officers of the Registrant

Company Officers

Name	Age	Positions Currently Held	Year Named Officer
Drue Jennings	49	Chairman of the Board, President and Chief Executive Officer	1980
John J. DeStefano	46	Senior Vice President-Finance and Treasurer	1989
Marcus Jackson	44	Senior Vice President-Power Supply	1989
Jeanie Sell Latz	44	Senior Vice President-Corporate Services and Corporate Secretary	1991
J. Turner White	47	Senior Vice President-Retail Services	1990
Frank L. Branca	48	Vice President-Wholesale and Transmission Services	1989
Steven W. Cattron	40	Vice President-Marketing and Regulatory Affairs	1994
Charles R. Cole	49	Vice President-Customer Services and Purchasing	1990
Douglas M. Morgan	53	Vice President-Information Technology	1995
Richard A. Spring	41	Vice President-Production	1994
Bailus M. Tate	49	Vice President-Human Resources	1994
Neil Roadman	50	Controller	1980
Mark C. Sholander	50	General Counsel and Assistant Secretary	1986

KLT Inc. Officers

Name	Age	Positions Currently Held	Year Named Officer
Bernard J. Beaudoin	55	President	1992
Ronald G. Wasson	51	Executive Vice President	1995
Floyd R. Pendleton	52	Vice President-Business Development	1992
Mark G. English	44	Vice President and General Counsel	1995

All of the foregoing persons have been officers of KCPL or employees in a responsible position with KCPL for the past five years except for Mr. Spring. Mr. Spring was an employee of KCPL from 1978 to 1993, when he left KCPL to join Northern Indiana Public Service Company as Director of Electric Production. In July 1994, he rejoined KCPL as Vice President-Production.

The term of office of each officer commences with his or her appointment by the Board of Directors and ends at such time as the Board of Directors may determine.

ITEM 2. PROPERTIES

Generation Resources

KCPL's generating facilities consist of the following:

Unit	Year Completed	Estimated 1996 Megawatt(mw) Capacity	Fuel
Existing Units			
Base Load..Wolf Creek(a)	1985	548(b)	Nuclear
Iatan	1980	469(b)	Coal
LaCygne 2	1977	331(b)	Coal
LaCygne 1	1973	341(b)	Coal
Hawthorn 5	1969	479	Coal/Gas
Montrose 3	1964	161	Coal
Montrose 2	1960	152	Coal
Montrose 1	1958	150	Coal
Peak Load..Northeast 13 and 14(c)	1976	111	Oil
Northeast 17 and 18(c)	1977	108	Oil
Northeast 15 and 16(c)	1975	111	Oil
Northeast 11 and 12(c)	1972	99	Oil
Grand Avenue (2 units)	1929 & 1948	74	Gas
Total		3,134	

(a) This unit is one of KCPL's principal generating facilities and has the lowest fuel cost of any of its generating facilities. An extended shutdown of the unit could have a substantial adverse effect on the operations of KCPL and its financial condition.

(b) Company's share of jointly-owned unit.

(c) Combustion turbines.

KCPL's maximum system net hourly peak load of 2,909 mw occurred on July 13, 1995. The maximum winter peak load of 1,956 mw occurred on February 2, 1996. The accredited generating capacity of KCPL's electric facilities in the summer (when peak loads are experienced) of 1995 under MOKAN Power Pool standards was 3,103 mw.

KCPL owns the Hawthorn Station (Jackson County, Missouri), Montrose Station (Henry County, Missouri), Northeast Station (Jackson County, Missouri) and two Grand Avenue Station turbine generators (Jackson County, Missouri). KCPL also owns 50% of the 682-mw LaCygne 1 Unit and 662-mw LaCygne 2 Unit in Linn County, Kansas; 70% of the 670-mw Iatan Station in Platte County, Missouri; and 47% of the 1,167 mw Wolf Creek in Coffey County, Kansas.

KCPL has entered into an operating lease with Siemens Power Corporation for a V.84.3A combustion turbine-generator, to be in service by the year 1997, with an anticipated accredited capacity of approximately 142 mw.

Transmission and Distribution Resources

KCPL's electric transmission system is interconnected with systems of other utilities to permit bulk power transactions with other electricity suppliers in Kansas, Missouri, Iowa, Nebraska and Minnesota. KCPL is a member

of the MOKAN Power Pool, which is a contractual arrangement among eleven utilities in western Missouri and Kansas which interchange electric energy, share reserve generating capacity, and provide emergency and standby electricity services to each other.

KCPL owns approximately 1,700 miles of transmission lines and approximately 8,900 miles of overhead distribution lines, and approximately 3,000 miles of underground distribution lines. KCPL has all franchises necessary to sell electricity within the territories from which substantially all of its gross operating revenue is derived.

General

KCPL's principal plants and properties, insofar as they constitute real estate, are owned in fee; certain other facilities are located on premises held under leases, permits or easements; and its electric transmission and distribution systems are for the most part located over or under highways, streets, other public places or property owned by others for which permits, grants, easements or licenses (deemed satisfactory but without examination of underlying land titles) have been obtained.

Substantially all of the fixed property and franchises of KCPL, which consists principally of electric generating stations, electric transmission and distribution lines and systems, and buildings (subject to exceptions and reservations) are subject to a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986.

ITEM 3. LEGAL PROCEEDINGS

Inter-City Beverage Co., Inc. et. al vs. Kansas City Power & Light Company

On August 13, 1993, a lawsuit was filed by nine customers in the Circuit Court of Jackson County, Missouri against KCPL. The suit alleged the misapplication of certain of KCPL's electric rate tariffs resulting in overcharges to industrial and commercial customers which have been provided service under those tariffs and requested certification as a class action. On December 3, 1993, the Court dismissed the matter for lack of subject matter jurisdiction. Plaintiffs appealed to the Missouri Court of Appeals, Western District. The Court of Appeals upheld the dismissal. Plaintiffs then filed a motion to transfer the case with the Missouri Supreme Court. The motion was denied on January 24, 1995. Plaintiffs now have taken their claims to the Commissions filing complaints at the MPSC on August 23, 1995, and at the KCC on August 30, 1995. KCPL believes it will be able to successfully defend these actions.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information:

(1) Principal Market:

Common Stock of KCPL is listed on the New York

Stock Exchange and the Chicago Stock Exchange.

(2) Stock Price Information:

Quarter	Common Stock Price Range			
	1995		1994	
	High	Low	High	Low
First	\$24-1/2	\$22-1/8	\$23-1/4	\$20-5/8
Second	24-1/8	22-1/8	23	18-5/8
Third	24-3/8	21-1/2	22-1/2	19-1/4
Fourth	26-5/8	23-1/2	23-7/8	21-1/8

Holder:

At December 31, 1995, KCPL's Common Stock was held by 29,657 shareholders of record.

Dividends:

Common Stock dividends were declared as follows:

Quarter	1996	1995	1994
First	\$0.39	\$0.38	\$0.37
Second		0.38	0.37
Third		0.39	0.38
Fourth		0.39	0.38

KCPL's Restated Articles of Consolidation contains certain restrictions on the payment of dividends on KCPL's Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31				
	1995	1994(a)	1993	1992(b)	1991
	(dollars in millions except per share amounts)				
Operating revenues	\$ 886	\$ 868	\$ 857	\$ 803	\$ 825
Net income	\$ 123	\$ 105	\$ 106	\$ 86	\$ 104
Earnings per common share	\$ 1.92	\$ 1.64	\$ 1.66	\$ 1.35	\$ 1.58
Total assets at year-end	\$2,883	\$2,770	\$2,755	\$2,647	\$2,615
Total redeemable preferred stock and long-term debt (including current maturities)	\$ 911	\$ 833	\$ 870	\$ 817	\$ 825
Cash dividends per common share	\$ 1.54	\$ 1.50	\$ 1.46	\$ 1.43	\$ 1.37
Ratio of earnings to fixed charges	3.94	4.07	3.80	3.12	3.22

(a) In 1994, KCPL recorded a \$22.5 million expense for a voluntary early retirement program.

(b) In 1992, KCPL's revenues were adversely impacted by abnormally cool summer temperatures.

ITEM 7. 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 may also consider various strategies including partnerships, acquisitions, combinations, additions to or dispositions of service territory, and restructuring of wholesale and retail businesses. See Note 11 to the Consolidated Financial Statements regarding the Agreement and Plan of Merger with UtiliCorp United Inc.

Competition in the electric utility industry was accelerated with the National Energy Policy Act of 1992. This gave the Federal Energy Regulatory Commission (FERC) the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). In response to FERC's new comparability standard, KCPL, already active in the wholesale wheeling market, was one of the first utilities to obtain FERC's acceptance of an open-access, wholesale transmission tariff.

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

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

Increased competition could also force utilities to change accounting methods. Financial Accounting Standards Board (FASB) Statement No. 71 - Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. An entity's operations could stop meeting the requirements of FASB 71 for various reasons, including a change in regulation or a change in the competitive environment for a company's regulated services. For those operations no longer meeting the requirements of regulatory accounting, regulatory assets would be written off. See Note 1 to the Consolidated Financial Statements for a discussion of regulatory assets. In a competitive environment, asset recoverability would be determined using market-based rates which could be lower than traditional cost-based rates. There has not been direct competition for retail electric service in our service territory although there has been competition in the bulk power market and between alternative fuels. KCPL's regulatory assets will be maintained as long as the FASB 71 requirements are met.

NONREGULATED OPPORTUNITIES

In 1992 we formed KLT Inc., a wholly-owned subsidiary to pursue nonregulated, primarily energy-related business ventures designed to supplement the growth from the electric utility operations. We had a total equity investment in KLT of \$41 million as of December 31, 1995, and anticipate that investment to grow to about \$165 million within the next five years. KLT's strategy capitalizes on new market opportunities by combining our expertise in energy-related fields with the knowledge of our joint venture partners.

KLT was very active in 1995, growing from about \$90 million in consolidated assets as of December 31, 1994, to \$164 million by December 31, 1995. During 1995, KLT continued to develop existing ventures in domestic and international nonregulated power production, energy services, oil and gas reserves, and affordable housing limited partnerships. Within the next five years, we anticipate total subsidiary assets will exceed \$500 million, generated through the \$165 million of equity investment, subsidiary retained earnings and borrowings.

EARNINGS OVERVIEW

Earnings per share (EPS) for 1995 of \$1.92 increased \$0.28 from 1994. This increase was due mostly to 1994's one-time \$22.5 million (\$0.22 per share) charge for the voluntary early retirement program (see Note 2 to the Consolidated Financial Statements). Other factors increasing 1995 EPS included load growth, warmer summer temperatures, savings from the 1994 early retirement program and a net gain of \$0.05 per share from the sale of railcars. Partially offsetting these increases, 1995 EPS also reflected decreased bulk power sales, higher fuel and purchased power costs as a result of a forced outage at a coal plant, and KCPL's share of Wolf Creek Generating Station's (Wolf Creek) voluntary early retirement program costs. Savings from Wolf Creek's early retirement program are expected to offset program costs in less than two years.

Despite the voluntary early retirement charge recorded in 1994, EPS for 1994 decreased only \$0.02 from 1993 to \$1.64. Warmer summer temperatures, record bulk power sales, lower delivered coal costs and lower average interest rates increased 1994 EPS.

MEGAWATT-HOUR (MWH) SALES AND ELECTRIC OPERATING REVENUES

Sales and revenue data:

	Increase (Decrease) from Prior Year	
	1995	1994
	Mwh Revenues	Mwh Revenues
	(revenue change in millions)	

Retail:

Residential	6 %	\$17	2 %	\$ 1
Commercial	3 %	9	3 %	1
Industrial	- %	(1)	2 %	(5)
Other	(6)%	-	(4)%	-
Total retail	3 %	25	2 %	(3)
Sales for resale:				
Bulk power sales	(15)%	(11)	27 %	15
Other	(11)%	-	(20)%	(1)
Total		14		11
Other revenues		4		-
Total electric operating revenues		\$18		\$11

Effective January 1, 1994, Missouri retail rates were reduced 2.66%, or about \$12.5 million per year, resulting from the end of the Wolf Creek rate phase-in amortization. About two-thirds of KCPL's retail sales are to Missouri customers. Other rate tariffs have not changed materially since 1988, however, the amortization of the Regulatory Asset - Deferred Wolf Creek Costs ends in 1996 and may result in a future rate adjustment.

While overall weather remained mild during the last three years, closer to normal temperatures and continued load growth increased retail mwh sales and revenues during 1995. Twice during July and once during December, customer demand for power reached record one-hour seasonal peaks. Load growth and improved weather patterns also contributed to 1994 increases in residential and commercial revenues despite the Missouri rate reduction.

Industrial revenues for both 1995 and 1994 were reduced by the effect of customized long-term sales contracts with major industrial customers. These contracts were tailored to meet customers' needs in exchange for their long-term commitment to purchase energy. Long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales. In addition to these contracts, 1994 industrial revenues decreased from 1993 due to the Missouri rate reduction and load management curtailment credits. The contracts and curtailment credits were designed to enhance KCPL's competitive position, improve overall power generating efficiencies and load factors while providing short-term and long-term capacity savings.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. Starting in September 1995, transmission service revenues have been reflected as other electric revenues. A combination of conditions in 1994 contributed to record bulk power sales in that year.

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 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 1995 increased from 1994 despite a 2% decrease in total mwh sales (total of retail and sales for resale) due to the factors discussed below.

While nuclear fuel costs remain substantially less than the price of coal, the cost of nuclear fuel increased 15% from 1994 and 20% from 1993. Nuclear fuel costs averaged only 45% of the price of coal during 1995, compared with 40% during 1994 and 35% during 1993. We expect this relationship to steadily increase to around 55% to 60% by 1998 and remain in that range through the year 2000. During 1995, coal represented about 70% of generation and nuclear fuel about 30%.

Purchased power expenses included additional capacity purchase contracts which provide a cost-effective alternative to constructing new capacity. These purchases contributed to increasing purchased power expenses since 1993.

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

A \$3 million difference in coal inventory adjustments caused a 1995 increase in fuel costs from both 1994 and 1993.

The price of delivered coal in 1995 remained comparable with 1994 prices

which had decreased about 8% from 1993. 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.

Although 1994 total mwh sales increased 8% from 1993, combined fuel and purchased power costs increased only 5% during the same period. This was mostly due to the reduction in 1994 coal costs, partially offset by the increasing cost of nuclear fuel and additional capacity purchase contracts. Compared with the prior year, coal costs in 1994 benefited from lower freight rates and our ability to obtain coal on the spot market at prices below long-term contract rates. Purchased power costs in 1994 also benefited from a \$2 million reduction in replacement power expenses reflecting Wolf Creek's 47 day refueling and maintenance outage versus the 73 day refueling outage in 1993.

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined other operation and maintenance expenses for 1994 were higher than either 1995 or 1993 mainly due to the costs of the voluntary early retirement program in that year. Total program costs of \$22.5 million (\$0.22 per share) were expensed during 1994. Savings, after the June 1994 retirements are expected to recover program costs in less than two years.

The decrease in 1995 expenses from 1994 was partially offset by KCPL's \$2 million share of Wolf Creek's voluntary early retirement program recorded during 1995. Similar to KCPL's program, this charge is expected to be recovered within two years through reduced salaries and benefits. Other cost increases in 1995 resulted from the timing of scheduled maintenance programs.

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

INCOME TAXES

During 1995, we reached a settlement with the Internal Revenue Service (IRS) regarding issues arising from an audit of the 1985 through 1988 tax returns. Based on this settlement, we transferred about \$10 million from deferred income taxes and investment tax credits to accrued taxes.

GENERAL TAXES

Components of general taxes:

	1995	1994	1993
	(thousands)		
Property	\$ 46,019	\$ 46,895	\$ 45,545
Gross receipts	41,416	40,397	40,659
Other	9,386	9,070	9,455
Total	\$ 96,821	\$ 96,362	\$ 95,659

OTHER INCOME

Miscellaneous expense _ net during 1995 increased due to the \$5 million gain on the sale of 505 steel railcars. We replaced the steel cars with lighter-weight aluminum cars which offer more coal capacity contributing to lower delivered coal prices. This gain is partially offset by increases in charitable contributions and fees related to the sale of customer accounts receivable.

Nonoperating income taxes for 1995 and 1994 reflect \$7 and \$1 million, respectively, in tax reductions from affordable housing and rehabilitation credits, and interest deductions related to subsidiary obligations. Nontaxable increases in the cash surrender value of corporate-owned life insurance contracts also affect the relationship between miscellaneous income and income taxes.

INTEREST CHARGES

Interest expense increased during 1995 reflecting higher average levels of long-term debt outstanding and higher weighted-average interest rates. The higher average level of outstanding debt is primarily due to subsidiary investments in affordable housing partnerships. The tax benefits provided by these investments essentially offset the related increase in interest expense.

Interest expense decreased in 1994 from 1993 reflecting lower average interest rates and the repayment or refinancing of debt.

The average interest rate on long-term debt, including current maturities, was 6.0% in 1995 compared to 5.4% in 1994 and 6.0% in 1993.

WOLF CREEK

Wolf Creek is one of KCPL's principal generating units representing about 18% of accredited generating capacity. The plant's operating performance has remained strong, contributing about 27% of the annual mwh generation while operating at an average capacity of 88% over the last three years. It has the lowest fuel cost of any of KCPL's generating units. During 1994, Wolf Creek finished its seventh scheduled refueling and maintenance outage in 47 days, a plant record. The plant's eighth refueling and maintenance outage began February 3, 1996.

Wolf Creek's assets and operating expenses represent about 45% and 20% of total assets and operating expenses, respectively. Currently, no major equipment replacements are expected, but an extended shut-down of the unit 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. These risks are more fully discussed in Note 4 to the Consolidated Financial Statements _ Commitments and Contingencies _ Nuclear Liability and Insurance.

ENVIRONMENTAL MATTERS

Our 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, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations which could require substantial changes to operations or facilities.

The Clean Air Act Amendments of 1990 contain two programs significantly affecting the utility industry. We have spent about \$5 million for the installation of continuous emission monitoring equipment to satisfy the requirements under the acid rain provision. Future acid rain program regulations may require further capital expenditures, which cannot be estimated at this time. The other utility-related program calls for a study of certain air toxic substances. Based on the outcome of this study, regulation of these substances, including mercury, could be required. We cannot predict the likelihood of any such regulations or compliance costs.

PROJECTED CONSTRUCTION EXPENDITURES

Total utility capital expenditures, excluding allowance for funds used during construction, were \$134 million in 1995. The utility construction expenditures are projected for the next five years as follows:

	Construction Expenditures					Total
	1996	1997	1998	1999	2000	
	(millions)					
Generating facilities	\$ 38	\$ 35	\$ 32	\$30	\$ 25	\$160
Nuclear fuel	2	21	20	4	23	70
Transmission facilities	13	8	8	15	12	56
Distribution and general facilities	62	56	45	43	42	248
Total	\$115	\$120	\$105	\$92	\$102	\$534

We are fully exploring alternatives to new construction. During 1995, we entered into an operating lease for a new 142 mw combustion turbine, scheduled to be placed in service during 1997. We have also contracted to purchase capacity through fixed-price agreements (see Note 4 to the Consolidated Financial Statements _ Capacity Purchase Commitments). Compared to the long-term fixed costs of building new capacity, these contracts provide a cost-effective way of meeting uncertain levels of demand growth, even though there are risks associated with market price fluctuations. This construction expenditure plan is subject to continual review and change. The next plan will be filed with the Missouri commission in July 1997.

CAPITAL REQUIREMENTS AND LIQUIDITY

We expect to meet the utility construction budget with internally-generated funds. The \$291 million of maturing debt through the year 2000 will

be provided from operations, refinancings or short-term debt. As of December 31, 1995, KCPL had \$98 million of registered but unissued medium-term notes and \$139 million of unused bank lines of credit. 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.

We use an accelerated depreciation method for tax purposes. Use of this method on the Wolf Creek plant reduced tax payments by about \$30 million per year, ending in 1994. We are implementing various tax planning strategies to minimize future tax payments resulting from the loss of this depreciation deduction.

NEW ACCOUNTING STANDARD _ STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 121

In March 1995, the FASB issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-lived Assets. This statement is effective for fiscal years beginning after December 15, 1995 and requires a write-down of assets that are no longer probable of recovery through future revenues. Adoption of this standard will not have a material impact on KCPL's financial position or results of operations. See the Regulation and Competition discussion of regulatory assets and FASB 71.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

KANSAS CITY POWER & LIGHT COMPANY CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	1995	1994	1993
	(thousands)		
ELECTRIC OPERATING REVENUES	\$885,955	\$868,272	\$857,450
OPERATING EXPENSES			
Operation			
Fuel	139,371	135,106	130,117
Purchased power	38,783	33,929	31,403
Other	178,599	202,304	184,633
Maintenance	78,439	72,468	78,550
Depreciation	97,225	94,361	91,110
Income taxes	77,062	70,949	69,502
General taxes	96,821	96,362	95,659
Amortization of:			
MPSC rate phase-in plan	0	0	7,072
Deferred Wolf Creek costs	12,607	13,102	13,102
Total	718,907	718,581	701,148
OPERATING INCOME	167,048	149,691	156,302
OTHER INCOME			
Allowance for equity funds used during construction	2,279	2,087	2,846
Miscellaneous expense - net	(2,478)	(4,159)	(2,486)
Income taxes	10,259	4,572	1,549
Total	10,060	2,500	1,909
INCOME BEFORE INTEREST CHARGES	177,108	152,191	158,211
INTEREST CHARGES			
Long-term debt	52,184	43,962	50,118
Short-term debt	1,189	1,170	750
Miscellaneous	3,112	4,128	4,113
Allowance for borrowed funds used during construction	(1,963)	(1,844)	(2,542)
Total	54,522	47,416	52,439
Net Income	122,586	104,775	105,772
Preferred Stock Dividend Requirements	4,011	3,457	3,153
Earnings Available for Common Stock	\$118,575	\$101,318	\$102,619

Average Number of Common Shares Outstanding	61,902	61,903	61,909
Earnings per Common Share	\$1.92	\$1.64	\$1.66
Cash Dividends per Common Share	\$1.54	\$1.50	\$1.46

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31		
	1995	1994	1993
Beginning Balance	\$426,738	\$418,201	\$405,985
Net Income	122,586	104,775	105,772
	549,324	522,976	511,757
Dividends Declared			
Preferred stock - at required rates	4,029	3,384	3,169
Common stock	95,329	92,854	90,387
Ending Balance	\$449,966	\$426,738	\$418,201

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

KANSAS CITY POWER & LIGHT COMPANY CONSOLIDATED BALANCE SHEETS

	December 31	
	1995	1994
	(thousands)	
ASSETS		
UTILITY PLANT, at original cost		
Electric	\$3,388,538	\$3,330,478
Less-accumulated depreciation	1,156,115	1,092,436
Net utility plant in service	2,232,423	2,238,042
Construction work in progress	72,365	57,294
Nuclear fuel, net of amortization of \$81,452 and \$66,773	54,673	40,806
Total	2,359,461	2,336,142
REGULATORY ASSET - DEFERRED WOLF CREEK COSTS	8,880	18,752
REGULATORY ASSET - RECOVERABLE TAXES	123,000	120,000
INVESTMENTS AND NONUTILITY PROPERTY	166,751	98,429
CURRENT ASSETS		
Cash and cash equivalents	28,390	20,217
Customer accounts receivable	32,830	24,513
Other receivables	31,838	22,604
Fuel inventories, at average cost	22,103	16,570
Materials and supplies, at average cost	47,175	44,953
Deferred income taxes	5,947	1,444
Other	5,179	5,138
Total	173,462	135,439
DEFERRED CHARGES		
Regulatory assets		
Settlement of fuel contracts	13,007	16,625
KCC Wolf Creek carrying costs	4,104	6,839
Other	21,231	27,909
Other deferred charges	12,610	10,262
Total	50,952	61,635
Total	\$2,882,506	\$2,770,397
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statements)	\$1,824,087	\$1,763,765
CURRENT LIABILITIES		
Notes payable to banks	0	1,000
Commercial paper	19,000	31,000
Current maturities of long-term debt	73,803	33,419
Accounts payable	52,506	73,486
Accrued taxes	39,726	24,684
Accrued interest	16,906	12,209

Accrued payroll and vacations	22,764	19,594
Accrued refueling outage costs	13,563	2,120
Other	11,787	7,644
Total	250,055	205,156

DEFERRED CREDITS AND OTHER LIABILITIES

Deferred income taxes	648,374	644,139
Deferred investment tax credits	71,270	82,840
Other	88,720	74,497
Total	808,364	801,476

COMMITMENTS AND CONTINGENCIES (note 4)

Total	\$2,882,506	\$2,770,397
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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 Ended December 31		
	1995	1994	1993
	(thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$122,586	\$104,775	\$105,772
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	97,225	94,361	91,110
Amortization of:			
Nuclear fuel	14,679	10,136	8,705
Deferred Wolf Creek costs	12,607	13,102	13,102
MPSC rate phase-in plan	0	0	7,072
Other	8,152	9,608	8,234
Deferred income taxes (net)	(3,268)	20,524	25,502
Deferred investment tax credit amortization and reversals	(11,570)	(4,345)	(4,345)
Allowance for equity funds used during construction	(2,279)	(2,087)	(2,846)
Cash flows affected by changes in:			
Receivables	(17,551)	1,543	(10,245)
Fuel inventories	(5,533)	(2,020)	6,075
Materials and supplies	(2,222)	(796)	1,106
Accounts payable	(20,980)	14,065	(17,741)
Accrued taxes	15,042	(3,116)	7,936
Accrued interest	4,697	(3,366)	2,626
Wolf Creek refueling outage accrual	11,443	(5,142)	(5,338)
Pension and postretirement benefit obligations	(4,176)	32,203	1,905
Other operating activities	4,325	(2,860)	4,514
Net cash from operating activities	223,177	276,585	243,144
CASH FLOWS FROM INVESTING ACTIVITIES			
Utility capital expenditures	(134,070)	(124,965)	(129,199)
Allowance for borrowed funds used during construction	(1,963)	(1,844)	(2,542)
Purchases of investments	(56,759)	(67,560)	(7,351)
Other investing activities	9,046	5,624	7,657
Net cash used in investing activities	(183,746)	(188,745)	(131,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	111,055	133,793	324,846
Repayment of long-term debt	(33,428)	(170,170)	(271,480)
Special deposits	0	60,118	(60,118)
Premium on reacquired long-term debt	0	0	(4,077)
Net change in short-term borrowings	(13,000)	3,000	(4,000)
Dividends paid	(99,358)	(96,238)	(93,556)
Other financing activities	3,473	335	(1,913)
Net cash used in financing activities	(31,258)	(69,162)	(110,298)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,173	18,678	1,411
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,217	1,539	128

CASH AND CASH EQUIVALENTS AT END OF YEAR	\$28,390	\$20,217	\$1,539
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CASH PAID DURING THE YEAR FOR:

Interest (net of amount capitalized)	\$48,200	\$48,246	\$47,361
Income taxes	\$67,053	\$53,720	\$40,141

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

CONSOLIDATED STATEMENTS OF CAPITALIZATION

	December 31 1995	December 31 1994
	(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)	449,966	426,738
Capital stock premium and expense	(1,725)	(1,736)
Total	897,938	874,699
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		
4.39%* - 500,000 shares issued	50,000	50,000
\$100 Par Value - Redeemable		
4.00% - 14,357 and 15,957 shares issued	1,436	1,596
Total	90,436	90,596
LONG-TERM DEBT (excluding current maturities)		
General Mortgage Bonds		
Medium-term Notes due 1997-2008, 6.72% and 6.82% weighted-average rate at December 31	387,000	395,500
4.77%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	158,768
Guaranty of Pollution Control Bonds		
4.24%* due 2015-17	196,500	196,500
Subsidiary Obligations		
Affordable Housing Notes due 2000-05, 8.54% and 8.38% weighted-average rate at December 31	69,945	47,702
Bank Credit Agreement due 1998, 7.66% weighted-average rate at December 31	23,500	0
Total	835,713	798,470
Total	\$1,824,087	\$1,763,765

* Variable rate securities, weighted-average rate as of December 31, 1995

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

KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Kansas City Power & Light Company is a medium-sized electric utility with more than 430,000 customers in western Missouri and eastern Kansas. About 95% of our retail revenues are from the Kansas City metropolitan area, an agribusiness center and major regional center for wholesale, retail and service companies. About two-thirds of our retail sales are to Missouri customers, the remainder to Kansas customers.

The consolidated financial statements include the accounts of Kansas City Power & Light Company and KLT Inc., a wholly-owned, nonutility subsidiary. The consolidated entity is referred to as KCPL. KLT was formed in 1992 as a holding company for various nonregulated business ventures. Currently, the electric utility accounts for about 95% of consolidated assets and substantially all results of operations. Intercompany balances and transactions have been eliminated. KLT's revenues and expenses have been classified as Other Income and Interest Charges in the income statement.

The accounting records conform to the accounting standards prescribed by the Federal Energy Regulatory Commission (FERC) and generally accepted accounting principles. These standards require the use of estimates and assumptions that affect amounts reported in the financial statements and the disclosure of commitments and contingencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with original maturities of three months or less.

Fair Value of Financial Instruments

The stated values of financial instruments as of December 31, 1995 and 1994 approximate fair market values. KCPL's incremental borrowing rate for similar debt was used to determine fair value if quoted market prices were not available.

Investments in Affordable Housing Limited Partnerships

Through December 31, 1995, a subsidiary of KLT had invested \$95 million in affordable housing limited partnerships. About \$80 million of these investments are recorded at cost; the equity method was used for the remainder. Tax credits are recognized in the year generated. A change in accounting principle relating to investments made after May 19, 1995, requires limited partnership investments of more than 5% to use the equity method. Of the investments recorded at cost, \$70 million exceeded this 5% level but were made prior to May 19, 1995.

Utility Plant

Utility plant is stated at historical costs of construction. These costs include taxes, an allowance for funds used during construction (AFDC) and payroll-related costs including pensions and other fringe benefits. Additions of, and replacements and improvements to units of property are capitalized. Repairs of property and replacements of items not considered to be units of property are expensed as incurred (except as discussed under Wolf Creek Refueling Outage Costs). When property units are retired or otherwise disposed, the original cost, net of salvage and removal, is charged to accumulated depreciation.

AFDC represents the cost of borrowed funds and a return on equity funds used to finance construction projects. It is capitalized as a cost of construction work in progress. AFDC on borrowed funds reduces interest charges. AFDC on equity funds is shown as a noncash item of other income. When a construction project is placed in service, the related AFDC, as well as other construction costs, is used to establish rates under regulatory rate practices. The rates used to compute gross AFDC are compounded semi-annually and averaged 8.7% for 1995, 7.8% for 1994 and 8.3% for 1993.

Depreciation is computed using the straight-line method over the estimated lives of depreciable property based on rates approved by state regulatory authorities. Average annual composite rates were about 2.9% for each of the last three years.

Wolf Creek Refueling Outage Costs

Forecasted incremental costs to be incurred during scheduled Wolf Creek Generating Station (Wolf Creek) refueling outages are accrued monthly over the unit's operating cycle, normally about 18 months. Estimated incremental costs, which include operating, maintenance and replacement power expenses, are based on budgeted outage costs and the estimated outage duration. Changes to or variances from those estimates are recorded when known or probable.

Nuclear Plant Decommissioning Costs

Estimated decommissioning costs for Wolf Creek were revised in 1994 by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC). The estimates for decontamination, dismantlement and site restoration costs were based on the immediate dismantlement method. Plant decommissioning is not expected to start before 2025. The following table shows each commission's estimated costs and assumptions (in 1993 dollars):

	KCC	MPSC
Undiscounted decommissioning costs:		
Total Station	\$1.3 billion	\$1.8 billion
47% share	\$595 million	\$859 million
Discounted decommissioning costs:		
Total Station	\$370 million	\$370 million
47% share	\$174 million	\$174 million

Annual escalation factor	3.45%	4.50%
Annual return on trust assets	6.48%	7.66%

These estimated costs are higher than prior estimates mainly due to large increases in assumed disposal costs for low-level radioactive waste. Previously, total discounted decommissioning costs were estimated by the KCC in 1989 to be \$206 million (in 1988 dollars) and, by the MPSC in 1992 to be \$347 million (in 1990 dollars). Updated estimates are filed with the commissions every three years. The next updated study will be filed during 1996.

We contribute to a tax-qualified trust fund (about \$3 million for each of the last three years) to be used to decommission Wolf Creek. These costs are charged to other operation expenses and recovered in rates over the unit's expected life. Annual contributions are expected to increase slightly beginning in 1997.

As of December 31, 1995 and 1994, the trust fund balance, including reinvested earnings, was \$26 and \$19 million, respectively. These amounts are reflected in Investments and Nonutility Property. The related liabilities for decommissioning are included in Deferred Credits and Other Liabilities - Other.

The Financial Accounting Standards Board (FASB) is currently reviewing the accounting for nuclear plant decommissioning obligations including the balance sheet presentation of estimated decommissioning costs.

Nuclear Fuel

Nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electricity. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. We pay the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation for future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense and recovered through rates.

A permanent disposal site may not be available for the industry until 2010 or later, although an interim facility may be available earlier. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel on a priority basis; the owners of the oldest spent fuel will be given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2016. Wolf Creek has an on-site, temporary storage facility for spent nuclear fuel. Under current regulatory guidelines, this facility can provide storage space until about 2006. Management believes additional temporary storage space can be built or obtained as necessary.

Regulatory Assets

We currently apply accounting standards that recognize the economic effects of rate regulation. Rates are designed to recover the cost of providing service. As a result, certain items that would normally be reflected in the income statement are deferred on the balance sheet. These items are then amortized as the related amounts are recovered from customers through rates.

We recognize regulatory assets when allowed by a commission's rate order or when it is probable, based on regulatory precedent, that future rates will recover the amortization of the deferred costs. If future recovery is no longer probable due to the effects of increased competition or other factors, the write-off of the unamortized balance, net of the related tax benefit, would reduce net income.

Deferred Wolf Creek Costs

The KCC and MPSC allowed continued construction accounting for ratemaking purposes after Wolf Creek's 1985 commercial in-service date. Certain other carrying costs were also deferred. The deferrals are being amortized and recovered in rates through 1996.

Recoverable Taxes

See the following Income Taxes note.

Settlement of Fuel Contracts

We deferred the cost of terminating certain coal purchase contracts. These costs are being amortized over various periods ending in 2002.

KCC Wolf Creek Carrying Costs

The KCC ordered certain Wolf Creek carrying costs to be deferred.

These costs are being recovered and amortized over six years ending in June 1997.

MPSC Rate Phase-in Plan

Under the MPSC Wolf Creek rate phase-in plan, we deferred a cash recovery of a portion of the cost of equity plus carrying costs on the deferral. The amortization and recovery were completed in December 1993, resulting in a 2.66% rate reduction (about \$12.5 million per year) effective January 1, 1994.

Other

Other regulatory assets include premium on redeemed debt, deferred costs to decommission and decontaminate federal uranium enrichment facilities and other costs. These deferrals are amortized over various periods extending to 2023.

Revenue Recognition

We use cycle billing and accrue an estimate for unbilled revenue at the end of each reporting period.

Income Taxes

The balance sheet includes deferred income taxes for all temporary differences between the tax basis of an asset or liability and that reported in the financial statements. These deferred tax assets and liabilities are determined using the tax rates scheduled by the tax law to be in effect when the differences reverse.

The Regulatory Asset - Recoverable Taxes mainly reflects the future revenue requirements necessary to recover the tax benefits of existing temporary differences previously passed through to customers. Operating income tax expense is recorded based on ratemaking principles. However, if the method used for the balance sheet were reflected in the income statement, net income would remain the same.

Investment tax credits are deferred when utilized and amortized to income over the remaining service lives of the related properties.

Environmental Matters

Environmental costs are accrued when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated. We believe all appropriate costs related to environmental matters have been recorded.

2. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Early Retirement Program

On June 30, 1994, 332 employees retired under a voluntary early retirement plan. We expensed estimated program costs of \$14.0 million (\$0.14 per share) during the first quarter of 1994 and \$10.2 million (\$0.10 per share) during the second quarter. Based on a final actuarial valuation, a \$1.7 million (\$0.02 per share) reduction in expense was recorded during the fourth quarter of 1994. This resulted in total KCPL pension and postretirement program costs of \$16.5 and \$6.0 million, respectively (\$0.22 per share).

Pension Plans

KCPL has defined benefit pension plans for its employees, including officers. Benefits under these plans reflect the employee's compensation, years of service and age at retirement. KCPL satisfies at least the minimum funding requirements under the Employee Retirement Income Security Act of 1974.

Funded status of the plans:

December 31	1995	1994
	(thousands)	
Accumulated benefit obligation:		
Vested	\$251,042	\$219,111
Nonvested	6,474	4,595
Total	\$257,516	\$223,706
Determination of plan assets less obligations:		
Fair value of plan assets (a)	\$339,236	\$301,245
Projected benefit obligation (b)	315,395	269,124
Difference	\$ 23,841	\$ 32,121

Reconciliation of difference:

Accrued trust liability	\$(13,890)	\$(18,401)
Unrecognized transition obligation	12,612	14,684
Unrecognized net gain	29,293	39,570
Unrecognized prior service cost	(4,174)	(3,732)
Difference	\$ 23,841	\$ 32,121

- (a) Plan assets are invested in insurance contracts, corporate bonds, equity securities, U.S. Government securities, notes, mortgages and short-term investments.
- (b) Based on discount rates of 7.5% in 1995 and 8.5% in 1994; and increases in future salary levels of 4% to 5% in 1995 and 1994.

Components of provisions for pensions (excluding 1994 early retirement program costs):

	1995	1994	1993
	(thousands)		
Service cost	\$ 6,414	\$ 8,193	\$ 8,671
Interest cost on projected benefit obligation	22,593	20,759	19,521
Actual return on plan assets	(50,108)	(1,143)	(49,875)
Other	25,656	(22,297)	27,715
Net periodic pension cost	\$ 4,555	\$ 5,512	\$ 6,032

Long-term rates of return on plan assets of 8.5% were used.

Postretirement Benefits Other Than Pensions

In addition to providing pension benefits, certain postretirement health care and life insurance benefits are provided for substantially all retired employees.

Although we accrue the cost of postretirement health care and life insurance benefits during an employee's years of service, the costs are currently recovered through rates as they are paid (pay-as-you-go). In 1995 we began funding the year's overall net periodic postretirement benefit cost, subject to maximum deductible limits for income tax purposes.

Reconciliation of postretirement benefits to amounts recorded in the balance sheets:

December 31	1995	1994
	(thousands)	
Accumulated postretirement benefit obligation (APBO) (a):		
Retirees	\$ 22,515	\$20,813
Fully eligible active plan participants	2,659	1,304
Other active plan participants	9,315	7,159
Total APBO	34,489	29,276
Fair value of plan assets (b)	(2,189)	-
Unrecognized transition obligation	(19,965)	(21,139)
Unrecognized net gain (loss)	892	5,220
Unrecognized prior service cost	(786)	(863)
Accrued postretirement benefit obligation (included in Deferred Credits and Other Liabilities - Other)	\$ 12,441	\$12,494

- (a) Based on weighted-average discount rates of 7.5% in 1995 and 8.5% in 1994; and increases in future salary levels of 4% in 1995 and 4% to 5% in 1994.
- (b) Plan assets are invested in certificates of deposit.

Net periodic postretirement benefit cost (excluding 1994 early retirement program costs):

	1995	1994	1993
	(thousands)		
Service cost	\$ 435	\$ 645	\$ 616
Interest cost on APBO	2,423	2,305	1,893
Amortization of unrecognized transition obligation	1,175	1,175	1,175
Other	(60)	75	-
Net periodic postretirement benefit cost	\$3,973	\$4,200	\$3,684

Actuarial assumptions include an increase in the annual health care cost trend rate for 1996 of 11%, decreasing gradually over a five-year period to its ultimate level of 6%. The health care plan requires retirees to share in the cost when premiums exceed a certain amount. Because of this provision, an increase in the assumed health care cost trend rate by 1% per year would only increase the APBO as of December 31, 1995 by about \$777,000 and the combined service and interest costs of the net periodic postretirement benefit cost for

1995 by about \$89,000.

Long-term Incentive Plan

KCPL has a Long-term Incentive Plan for officers and key employees. Awards issued under the Plan cannot exceed 3 million common stock shares.

Stock options granted under the Plan provide for recipients to receive shares of stock and accumulated dividends (as though they had been reinvested) if the market price at the time of exercise equals or exceeds the grant price. The options expire 10 years after the grant date. Because of the dividend provision, we expensed \$1.0, \$0.4 and \$0.1 million for 1995, 1994 and 1993, respectively. The expense includes accumulated and reinvested dividends plus the appreciation in stock price since the grant date. If the stock price falls below the grant price, the cumulative expense related to those options is reversed.

Stock options are summarized below:

	1995	1994	1993
	(shares under option)		
Balance as of January 1	197,375	145,125	86,000
Granted	68,750	69,125	63,125
Exercised	-	(6,000)	-
Canceled	-	(10,875)	(4,000)
Balance as of December 31	266,125	197,375	145,125
Exercisable as of December 31	162,813	102,125	41,000
Weighted-average grant price as of December 31	\$ 22.178	\$ 21.870	\$22.604
Option price of shares exercised	\$ -	\$ 21.625	\$ -

3. INCOME TAXES

Income tax expense consisted of the following:

	1995	1994	1993
	(thousands)		
Current income taxes:			
Federal	\$69,697	\$42,736	\$41,207
State	11,944	7,462	5,589
Total	81,641	50,198	46,796
Deferred income taxes, net:			
Federal	(3,152)	17,005	22,274
State	(116)	3,519	3,228
Total	(3,268)	20,524	25,502
Investment tax credit amortization and reversals	(11,570)	(4,345)	(4,345)
Total income tax expense	\$66,803	\$66,377	\$67,953

KCPL's effective income tax rates differed from the statutory federal rates mainly due to the following:

	1995	1994	1993
Federal statutory income tax rate	35.0%	35.0%	35.0%
Differences between book and tax depreciation not normalized	1.2	1.2	1.3
Amortization of investment tax credits	(2.5)	(2.5)	(2.5)
Income tax credits	(2.3)	(0.2)	-
State income taxes	4.1	4.2	3.3
Other	(0.2)	1.1	2.0
Effective income tax rate	35.3%	38.8%	39.1%

The tax effects of major temporary differences resulting in deferred tax assets and liabilities in the balance sheets are as follows:

December 31	1995	1994
	(thousands)	
Plant related	\$572,792	\$580,964
Recoverable taxes	48,000	47,000
Other	21,635	14,731
Net deferred income tax liability	\$642,427	\$642,695

The net deferred income tax liability consisted of the following:

December 31	1995	1994
	(thousands)	
Gross deferred income tax assets	\$(61,181)	\$(61,623)
Gross deferred income tax liabilities	703,608	704,318
Net deferred income tax liability	\$642,427	\$642,695

4. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

Liability Insurance

The Price-Anderson Act currently limits the combined public liability of nuclear reactor owners to \$8.9 billion for claims that could arise from a single nuclear incident. The owners of Wolf Creek (the Owners) carry the maximum available commercial insurance of \$0.2 billion. The remaining \$8.7 billion balance is provided by Secondary Financial Protection (SFP), an assessment plan mandated by the Nuclear Regulatory Commission.

Under SFP, if there were a catastrophic nuclear incident involving any of the nation's licensed reactors, the Owners would be subject to a maximum retrospective assessment per incident of up to \$79 million (\$37 million, KCPL's share). The Owners are jointly and severally liable for these charges, payable at a rate not to exceed \$10 million (\$5 million, KCPL's share) per incident per year, excluding applicable premium taxes. The assessment, most recently revised in 1993, is subject to an inflation adjustment every five years based on the Consumer Price Index.

Property, Decontamination and Premature Decommissioning Insurance

The Owners also carry \$2.8 billion (\$1.3 billion, KCPL's share) of property damage, decontamination and premature decommissioning insurance for loss resulting from damage to the Wolf Creek facilities. Nuclear insurance pools provide \$0.5 billion of coverage, while Nuclear Electric Insurance Limited (NEIL) provides \$2.3 billion.

In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. KCPL's share of any remaining proceeds can be used for property damage and premature decommissioning costs. Premature decommissioning coverage applies only if an accident at Wolf Creek exceeds \$500 million in property damage and decontamination expenses.

Extra Expense Insurance - Including Replacement Power

The Owners also carry additional insurance from NEIL to cover costs of replacement power and other extra expenses incurred in the event of a prolonged outage resulting from accidental property damage at Wolf Creek.

Retrospective Assessments

Under all NEIL policies, KCPL is subject to retrospective assessments if NEIL losses, for each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum amount of retrospective assessments to KCPL under the current policies could total about \$11 million.

Other

In the event of a catastrophic loss at Wolf Creek, the insurance available may not be adequate to cover property damage and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by KCPL and could have a material, adverse effect on our financial condition and results of operations.

Nuclear Fuel Commitments

As of December 31, 1995, KCPL's portion of Wolf Creek nuclear fuel commitments included \$112 million for enrichment and fabrication through 2025 and \$15 million for uranium concentrates through 2001.

Environmental Matters

KCPL's operations must comply with federal, state and local environmental laws and regulations. The generation and transmission of electricity uses, 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 designed to detect contamination and ensure compliance with governmental regulations. However, compliance programs needed to meet future environmental laws and regulations governing water and air quality, including carbon dioxide emissions, hazardous waste handling and disposal, toxic substances and the effects of

electromagnetic fields, could require substantial changes to operations or facilities.

Long-term Coal Contracts

KCPL's share of coal purchased under long-term contracts was \$42, \$21 and \$17 million in 1995, 1994 and 1993, respectively. Under these coal contracts, KCPL's remaining share of purchase commitments totals \$118 million. Obligations for the years 1996 through 2000 total \$36, \$26, \$10, \$9 and \$9 million, respectively. The remainder of our coal requirements are fulfilled through spot market purchases.

Leases

KCPL has a transmission line lease with another utility whereby, with FERC approval, the rental payments can be increased by the lessor. If this occurs, we can cancel the lease if we are able to secure an alternative transmission path. Commitments under this lease total \$2 million per year and \$56 million over the remaining life of the lease if it is not canceled.

Rental expense for other leases including railcars, computer equipment, buildings, a transmission line and other items was \$18 to \$20 million per year during the last three years. The remaining rental commitments under these leases total \$182 million. Obligations for the years 1996 through 2000 average \$14 million per year. Capital leases are not material and are included in these amounts.

As the managing partner of three jointly-owned generating units, we have entered into leases for railcars to service those units. The entire lease commitment is reflected in the above amounts although about \$2 million per year (\$31 million total) will be reimbursed by the other owners.

Purchased Capacity Commitments

We purchase capacity from other utilities and nonutility suppliers. Purchased capacity gives us the option to purchase energy if needed or when market prices are favorable. This provides a cost-effective alternative to new construction. As of December 31, 1995, contracts to purchase capacity total \$288 million through 2016. During 1995, 1994 and 1993, capacity purchases were \$17, \$13 and \$10 million, respectively. For the years 1996 through 2000, these commitments average \$24 million per year. For each of the next five years, net capacity purchases represent about 13% of KCPL's 1995 total available capacity.

5. SALE OF ACCOUNTS RECEIVABLE

As of December 31, 1995 and 1994, an undivided interest in \$60 million of designated customer accounts receivable was sold with limited recourse. Related costs of \$3.8, \$2.8 and \$2.2 million for 1995, 1994 and 1993, respectively, were included in Miscellaneous expense - net.

6. SHORT-TERM BORROWINGS

Short-term borrowings consist of funds borrowed from banks or through the sale of commercial paper as needed. The weighted-average interest rate on the short-term debt outstanding as of December 31, 1995 and 1994 was 5.9% and 6.2%, respectively. As of December 31, 1995, under minimal fee arrangements, unused bank lines of credit totaled \$139 million.

7. COMMON STOCK EQUITY, PREFERRED STOCK AND REDEEMABLE PREFERRED STOCK

Common Stock Equity

KCPL has shares of common stock registered with the Securities and Exchange Commission for a Dividend Reinvestment and Stock Purchase Plan (the Plan). The Plan allows common shareholders, directors and employees to purchase shares of the common stock by reinvesting dividends or making optional cash payments. We are currently purchasing shares for the Plan on the open market.

As of December 31, 1995, KCPL held 6,643 shares of its common stock to be used for future distribution. These shares are included in Investments and Nonutility Property.

The Restated Articles of Consolidation contain a restriction relating to the payment of dividends in the event common equity falls to 25% of total capitalization.

If preferred stock dividends are not declared and paid when scheduled, KCPL could not declare or pay common stock dividends or purchase any common shares. If the unpaid preferred stock dividends equal four or more full quarterly dividends, the preferred shareholders, voting as a single class, could elect members to the Board of Directors.

Preferred Stock and Redeemable Preferred Stock

Scheduled mandatory sinking fund requirements for the redeemable 4% Cumulative Preferred Stock are \$160,000 per year. We have the option to redeem the \$90 million Cumulative Preferred Stock at prices approximating par or stated value.

As of December 31, 1995, 0.4 million shares of \$100 par Cumulative Preferred Stock, 1.6 million shares of Cumulative No Par Preferred Stock and 11 million shares of no par Preference Stock were authorized.

8. LONG-TERM DEBT

General Mortgage Bonds

KCPL is authorized to issue mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. The Indenture creates a mortgage lien on substantially all utility plant.

As of December 31, 1995, \$711 million general mortgage bonds were pledged under the Indenture to secure the outstanding \$613 million of medium-term notes and revenue refunding bonds and the unissued \$98 million of medium-term notes.

Interest Rate Swap and Cap Agreements

As of December 31, 1995, we had entered into eight interest rate swap agreements and three cap agreements with financial institutions to limit the interest rate on \$150 million of long-term debt. The swap agreements mature from 1996 through 1998 and effectively fix interest rates on \$90 million of variable-rate debt to a weighted-average rate of 3.7% as of December 31, 1995. The cap agreements limit the interest rate on \$60 million of variable-rate debt to 5.0% expiring through 1998. There would have been no material effect had the agreements been terminated at December 31, 1995 or 1994.

Subsidiary Obligations

During 1995, KLT entered into a long-term revolving line of credit agreement for \$65 million collateralized by the capital stock of KLT's direct subsidiaries. The affordable housing notes are collateralized by the affordable housing investments.

Scheduled Maturities

Long-term debt maturities for the years 1996 through 2000 are \$74, \$25, \$95, \$43 and \$54 million, respectively.

9. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

Joint ownership agreements with other utilities provide undivided interests in utility plants as of December 31, 1995 as follows (in millions of dollars):

	Wolf Creek Unit	LaCygne Units	Iatan Unit
KCPL's share	47%	50%	70%
Utility plant in service	\$1,333	\$ 287	\$ 242
Estimated accumulated depreciation (production plant only)	\$ 323	\$ 163	\$ 122
Nuclear fuel, net	\$ 55	\$ -	\$ -
KCPL's accredited capacity-megawatts	548	672	469

Each owner must fund its own portion of the plant's operating expenses and capital expenditures. KCPL's share of direct expenses is included in the appropriate operating expense classifications in the income statement.

10. QUARTERLY OPERATING RESULTS (UNAUDITED)

	1st	Quarter		4th
		2nd	3rd	
		(millions)		
1995				
Operating revenues	\$ 199	\$ 205	\$ 278	\$ 204
Operating income	29	31	72	35
Net income	23	19	58	23
Earnings per common share	\$ 0.35	\$ 0.29	\$ 0.91	\$ 0.37

Quarter

	1st	2nd	3rd	4th
	(millions)			
1994				
Operating revenues	\$ 199	\$ 223	\$ 254	\$ 192
Operating income	21	36	61	32
Net income	10	25	50	20
Earnings per common share	\$ 0.15	\$ 0.38	\$ 0.80	\$ 0.31

The quarterly data is subject to seasonal fluctuations with peak periods occurring during the summer months. See Note 2 - Pension Plans and Other Employee Benefits regarding the 1994 quarterly costs related to the early retirement program.

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

On January 19, 1996, KCPL, UtiliCorp United Inc. (UtiliCorp) and KC United Corp. (KCU) entered into an Agreement and Plan of Merger (the Merger Agreement) which provides for a strategic business combination of KCPL and UtiliCorp in a "merger-of-equals" transaction (the Transaction). Pursuant to the Merger Agreement, KCPL and UtiliCorp will merge with and into KCU (which may be renamed at the discretion of KCPL and UtiliCorp), a corporation formed for the purpose of the Transaction. Under the terms of the Merger Agreement, each share of KCPL common stock will be exchanged for one share of KCU common stock and each share of UtiliCorp common stock will be exchanged for 1.096 shares of KCU common stock. Based on the number of shares of KCPL common stock and UtiliCorp common stock outstanding on the date of the Merger Agreement, KCPL's common shareholders will receive about 55% of the common equity of KCU and UtiliCorp's common shareholders will receive about 45%.

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

The Transaction will create a diversified energy company with total combined revenues of over \$3.5 billion and over \$6.5 billion in total assets, serving about 2.5 million customers in the United States, Canada, the United Kingdom, New Zealand, Australia, China and Jamaica. The business of the combined companies will consist of electric utility operations, gas utility operations and various nonutility enterprises including independent power projects, and gas marketing, gathering and processing operations.

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

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Kansas City Power & Light Company:

We have audited the consolidated financial statements of Kansas City Power & Light Company and Subsidiary listed in the index on page 37 of this Form 10-K. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly,

in all material respects, the consolidated financial position of Kansas City Power & Light Company and Subsidiary as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/Coopers & Lybrand L.L.P.
COOPERS & LYBRAND L.L.P.

Kansas City, Missouri
January 31, 1996

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

The information concerning directors required by Item 401 of Regulation S-K has been furnished by KCPL in its Joint Proxy Statement and Prospectus filed with the Securities and Exchange Commission on February 21, 1996, pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference.

Executive Officers

See Part I, page 6, entitled "Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K has been furnished by KCPL in its Joint Proxy Statement and Prospectus filed with the Securities and Exchange Commission on February 21, 1996, pursuant to Regulation 14A under the Securities and Exchange Act of 1934, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 403 of Regulation S-K has been furnished by KCPL in its Joint Proxy Statement and Prospectus filed with the Securities and Exchange Commission on February 21, 1996, pursuant to Regulation 14A under the Securities and Exchange Act of 1934, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K

	Page No.
Financial Statements	
a. Consolidated Statements of Income and Consolidated Statements of Retained Earnings for the years ended December 31, 1995, 1994, and 1993	17
b. Consolidated Balance Sheets - December 31, 1995, and 1994	18

c.	Consolidated Statements of Cash Flows for the years ended December 31, 1995, 1994, and 1993	19
d.	Consolidated Statements of Capitalization - December 31, 1995 and 1994	20
e.	Notes to Consolidated Financial Statements	21
f.	Report of Independent Accountants	35

Exhibits

Exhibit Number	Description of Document
3-a	*Restated Articles of Consolidation of KCPL dated as of May 5, 1992 (Exhibit 4 to Registration Statement, Registration No. 33-54196).
3-b	*By-laws of KCPL, as amended and in effect on June 15, 1995 (Exhibit 3-a to Form 10-Q dated June 30, 1995).
4-a	*General Mortgage and Deed of Trust dated as of December 1, 1986, between KCPL and UMB Bank, n.a. (formerly United Missouri Bank) of Kansas City, N.A., Trustee (Exhibit 4-bb to Form 10-K for the year ended December 31, 1986).
4-b	*Third Supplemental Indenture dated as of April 1, 1991, to Indenture dated as of December 1, 1986 (Exhibit 4-aq to Registration Statement, Registration No. 33-42187).
4-c	*Fourth Supplemental Indenture dated as of February 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-y to Form 10-K for year ended December 31, 1991).
4-d	*Fifth Supplemental Indenture dated as of September 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1992).
4-e	*Sixth Supplemental Indenture dated as of November 1, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-z to Registration Statement, Registration No. 33-54196).
4-f	*Seventh Supplemental Indenture dated as of October 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1993).
4-g	*Eighth Supplemental Indenture dated as of December 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4 to Registration Statement, Registration No. 33-51799).
4-h	*Ninth Supplemental Indenture dated as of February 1, 1994, to Indenture dated as of December 1, 1986 (Exhibit 4-h to Form 10-K for year ended December 31, 1993).
4-i	*Tenth Supplemental Indenture dated as of November 1, 1994, to Indenture dated as of December 1, 1986 (Exhibit 4I to Form 10-K for year ended December 31, 1994).
4-j	*Resolution of Board of Directors Establishing 3.80% Cumulative Preferred Stock (Exhibit 2-R to Registration Statement, Registration No. 2-40239).
4-k	*Resolution of Board of Directors Establishing 4% Cumulative Preferred Stock (Exhibit 2-S to Registration Statement, Registration No. 2-40239).
4-l	*Resolution of Board of Directors Establishing 4.50% Cumulative Preferred Stock (Exhibit 2-T to Registration Statement, Registration No. 2-40239).
4-m	*Resolution of Board of Directors Establishing 4.20% Cumulative Preferred Stock (Exhibit 2-U to Registration Statement, Registration No. 2-40239).
4-n	*Resolution of Board of Directors Establishing 4.35% Cumulative Preferred Stock (Exhibit 2-V to Registration Statement, Registration No. 2-40239).
4-o	*Certificate of Designation of Board of Directors Establishing the \$50,000,000 Cumulative No Par Preferred Stock, Auction Series A (Exhibit 4-a to Form 10-Q dated March 31, 1992).
4-p	*Indenture for Medium-Term Note Program dated as of April 1, 1991, between KCPL and The Bank of New York (Exhibit 4-bb to Registration Statement,

- Registration No. 33-42187).
- 4-q *Indenture for Medium-Term Note Program dated as of February 15, 1992, between KCPL and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-45736).
- 4-r *Indenture for Medium-Term Note Program dated as of November 15, 1992, between KCPL and The Bank of New York (Exhibit 4-aa to Registration Statement, Registration No. 33-54196).
- 4-s *Indenture for Medium-Term Note Program dated as of November 17, 1994, between KCPL and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc. (Exhibit 4-s to Form 10-K for year ended December 31, 1994).
- 10-a *Copy of Wolf Creek Generating Station Ownership Agreement between Kansas City Power & Light Company, Kansas Gas and Electric Company and Kansas Electric Power Cooperative, Inc. (Exhibit 10-d to Form 10-K for the year ended December 31, 1981).
- 10-b *Copy of Receivables Purchase Agreement dated as of September 27, 1989, between KCPL, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc., (Exhibit 10-p to Form 10-K for year ended December 31, 1989).
- 10-c *Copy of Amendment to Receivables Purchase Agreement dated as of August 8, 1991, between KCPL, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc. (Exhibit 10-m to Form 10-K for year ended December 31, 1991).
- 10-d *Long-Term Incentive Plan (Exhibit 28 to Registration Statement, Registration 33-42187).
- 10-e *Copy of Executive Incentive Compensation Plan (Exhibit 10-g to form 10-K for year ended December 31, 1986).
- 10-f Copy of Indemnification Agreement entered into by KCPL with each of its officers and directors.
- 10-g *Copy of Severance Agreement entered into by KCPL with certain of its executive officers (Exhibit 10 to Form 10-Q dated June 30, 1993).
- 10-h Copy of Amendment to Severance Agreement dated January 15, 1996, entered into by KCPL with certain of its executive officers.
- 10-i *Copy of Supplemental Executive Retirement and Deferred Compensation Plan (Exhibit 10-h to Form 10-K for year ended December 31, 1993).
- 10-j *Copy of \$50 million Letter of Credit and reimbursement agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-i to Form 10-K for year ended December 31, 1993).
- 10-k *Copy of \$56 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Societe Generale, Chicago Branch (Exhibit 10-j to Form 10-K for year ended December 31, 1993).
- 10-l *Copy of \$50 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-k to Form 10-K for year ended December 31, 1993).
- 10-m *Copy of \$40 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Deutsche Bank AG, acting through its New York and Cayman Islands Branches (Exhibit 10-l to Form 10-K for year ended December 31, 1993).
- 10-n *Copy of Railcar Lease dated as of April 15, 1994, between Shawmut Bank Connecticut, National Association, and KCPL (Exhibit 10 to Form 10-Q for period ended June 30, 1994).
- 10-o *Copy of Amendment No. 2 to Receivables Purchase Agreement between KCPL and Ciesco L.P. and Citicorp North America, Inc. (Exhibit 10 to Form 10-Q for period ended September 30, 1994).
- 10-p *Copy of Railcar Lease dated as of January 31, 1995, between First Security Bank of Utah, National Association, and KCPL (Exhibit 10-o to Form 10-K for year ended December 31, 1994).
- 10-q *Copy of Lease Agreement dated as of October 18, 1995, between First Security Bank of Utah, N.A., and KCPL (Exhibit 10 to Form 10-Q for period ended September 30, 1995).
- 12 Computation of Ratios of Earnings to Fixed Charges.

- 23-a Consent of Counsel.
- 23-b Consent of Independent Accountants--Coopers & Lybrand L.L.P.
- 24 Powers of Attorney.
- 27 Financial Data Schedules (filed electronically).

* Filed with the Securities and Exchange Commission as exhibits to prior registration statements (except as otherwise noted) and are incorporated herein by reference and made a part hereof. The exhibit number and file number of the documents so filed, and incorporated herein by reference, are stated in parenthesis in the description of such exhibit.

Copies of any of the exhibits filed with the Securities and Exchange Commission in connection with this document may be obtained from KCPL upon written request.

Reports on Form 8-K

No report on Form 8-K was filed in the last quarter of 1995; however, a report on Form 8-K was filed with the Securities and Exchange Commission on January 24, 1996, with attached copy of the Agreement and Plan of Merger dated as of January 19, 1996, by and among KCPL, UtiliCorp and KCU.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Kansas City, and State of Missouri on the 1st day of March, 1996.

KANSAS CITY POWER & LIGHT COMPANY

By /s/Drue Jennings
 Chairman of the Board, President
 and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Drue Jennings (Drue Jennings)	Chairman of the Board and President (Principal Executive Officer))
/s/John DeStefano (John DeStefano)	Senior Vice President-Finance and Treasurer (Principal Financial Officer))
/s/Neil Roadman (Neil Roadman)	Controller (Principal Accounting Officer))
David L. Bodde*	Director)
William H. Clark*	Director) March 1, 1996
Robert J. Dineen*	Director)
Arthur J. Doyle*	Director)
W. Thomas Grant II*	Director)
George E. Nettels, Jr.*	Director)
Linda Hood Talbott*	Director)
Robert H. West*	Director)

*By /s/Drue Jennings
 (Drue Jennings)
 Attorney-in-Fact

INDEMNIFICATION AGREEMENT

This Agreement is made as of the 5th day of January, 1996, by and between Kansas City Power & Light Company, a Missouri corporation (the "Company"), and <> ("Indemnitee"), a Director or Officer of the Company.

WHEREAS, it is essential to the Company to retain and attract as Directors and Officers the most capable persons available;

WHEREAS, it is now and always has been the express policy of the Company to indemnify its Directors and Officers so as to provide them with the maximum possible protection permitted by law;

WHEREAS, Indemnitee does not regard the protection available under the Company's Articles of Consolidation and by-laws as adequate in the present circumstances, and may not be willing to serve as a Director or Officer without adequate protection, and the Company desires Indemnitee to serve in such capacity;

WHEREAS, the Company and Indemnitee have previously entered into an agreement (the "Prior Agreement") pursuant to which the Company has agreed, among other things, to indemnify the Indemnitee under the circumstances described therein; and

WHEREAS, the Company and the Indemnitee desire to amend the Prior Agreement in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner;

NOW, THEREFORE, in consideration of the premises and of Indemnitee continuing to serve the Company directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions:

- (a) Beneficial Owner: shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- (b) Change in Control: shall be deemed to have occurred if:

(I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; or

(II) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved; or

(III) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 60% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; or

(IV) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 60% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

- (c) Claim: any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether instituted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.
- (d) Exchange Act: shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (e) Expenses: include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.
- (f) Indemnifiable Event: any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation,

partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

- (g) Independent Legal Counsel: an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last three years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).
- (h) Person: shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.
- (i) Potential Change in Control: shall be deemed to have occurred if:
 - (I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;
 - (II) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;
 - (III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; or
 - (IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.
- (j) Reviewing Party: any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Board who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

2. Basic Indemnification Arrangement. (a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance (within two business days of such request) any and all Expenses to Indemnitee (an "Expense Advance").

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the Independent Legal Counsel referred to in Section 3 hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of

the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of Missouri having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

(c) The Company and Indemnitee agree that this indemnification arrangement is based upon the statutory authorization in the Missouri General and Business Corporation Law, 351.355, and in particular subparts 6 and 7 thereof, by virtue of the provisions in Article Thirteenth of the Company's Restated Articles of Consolidation, as amended May 5, 1992. No provision of this Agreement shall permit the Company to indemnify Indemnitee from or on account of Indemnitee's conduct which is finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct.

3. Change in Control. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control) then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Company By-law now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Establishment of Trust. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnitee, create a trust for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund such trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for and defending any Claim relating

to an Indemnifiable Event, and any and all judgments, fines, penalties and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or claimed, reasonably anticipated or proposed to be paid, provided that in no event shall more than \$1 million be required to be deposited in any trust created hereunder in excess of amounts deposited in respect of reasonably anticipated Expenses. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party, in any case in which the Independent Legal Counsel referred to above is involved. The terms of the trust shall provide that upon a Change in Control (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the trustee shall advance, within two business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the trust under the circumstances under which the Indemnitee would be required to reimburse the Company under Section 2(b) of this Agreement), (iii) the trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in such trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be chosen by Indemnitee. Nothing in this Section 4 shall relieve the Company of any of its obligations under this Agreement.

5. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within two business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Company By-law now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

6. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

7. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

8. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that

Indemnatee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnatee to secure a judicial determination that Indemnatee should be indemnified under applicable law shall be a defense to Indemnatee's claim or create a presumption that Indemnatee has not met any particular standard of conduct or did not have any particular belief.

9. Nonexclusivity, Etc. The rights of the Indemnatee hereunder shall be in addition to any other rights Indemnatee may have under the Company's By-laws or the Missouri General and Business Corporation Law or otherwise. To the extent that a change in the Missouri General and Business Corporation Law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's By-laws and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this Agreement the greater benefits so afforded by such change.

10. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnatee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

11. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnatee, Indemnatee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

12. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnatee to the extent Indemnatee has otherwise actually received payment (under any insurance policy, By-law or otherwise) of the amounts otherwise indemnifiable hereunder. This Indemnification Agreement shall supersede the Prior Agreement.

15. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnatee continues to serve as an officer or director of the Company or of any other enterprise at the Company's request.

16. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any

such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

17. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 5th day of January, 1996.

KANSAS CITY POWER & LIGHT COMPANY

By _____

Name: <>

Title: <