FORM 10−K405

AQUILA INC − ILA

Filed: February 21, 1996 (period: December 31, 1995)

Annual report. The Regulation S−K Item 405 box on the cover page is checked

PART 1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE) /X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 1-3562

UTILICORP UNITED INC.
(Exact name of registrant as specified in its charter)

DELAWARE	44-0541877
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

3000 Commerce Tower, 911 Main, Kansas City, Missouri 64105
(Address of principal executive offices)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (816) 421-6600

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $1.00 per share	New York, Pacific and Toronto Stock Exchanges
Preference Stock, no par value, $2.05 Series	New York Stock Exchange
Convertible Subordinated Debentures, 6 5/8%, due July, 2011	New York Stock Exchange
8 7/8% Cumulative Monthly Income Preferred Securities, Series A, due June 30, 2025	New York 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 this Form 10-K. /X/

The aggregate market value of the voting stock held by nonaffiliates of the registrant on February 12, 1996, was $1,366,366,442.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

TITLE	OUTSTANDING (AT FEBRUARY 12, 1995)
Common Stock, par value $1.00 per share	46,122,074

Documents Incorporated by Reference	Where Incorporated
1996 Joint Proxy Statement and Prospectus	Part 3

- --
- --

INDEX

PART 1

ITEM 1. BUSINESS.

UtiliCorp United Inc. (the company) is an energy company which consists of electric and natural gas utility operations, natural gas gathering, marketing and processing and independent power projects managed through four business groups. The business groups are UtiliCorp Energy Delivery (UED) consisting primarily of transmission and distribution utility operations, UtiliCorp Power Services (UPS) consisting primarily of electricity generation and independent power projects, UtiliCorp Energy Resources (UER) consisting of gas marketing, processing and gathering and electricity marketing, and UtiliCorp Marketing Services consisting of appliance repair and service contracts, gas marketing and other energy related products and services. The presentation of information in this report is prepared where applicable using identified industry segments as shown on page 56 of this Annual Report on Form 10-K. The company was formed in 1985 under the laws of the State of Delaware from Missouri Public Service Company.

The company had approximately 1.2 million utility customers and 4,700 employees at December 31, 1995. The company's electric utility operations are in the states of Missouri, Kansas, Colorado, West Virginia and the Canadian province of British Columbia. The company's gas utility operations are in the states of Missouri, Kansas, Colorado, Iowa, Nebraska, Minnesota, Michigan and West Virginia. Aquila Energy Corporation (AEC), a wholly-owned subsidiary of the company, markets natural gas in 45 states and Ontario, Canada. AEC's 82% owned subsidiary Aquila Gas Pipeline Corporation (AGP) owns and operates 10 natural gas gathering systems and four natural gas processing plants in Texas and Oklahoma. The company owns interests primarily through its UtilCo Group subsidiary in 17 independent power projects in seven states and Jamaica.

The company has various international businesses in Australia, Canada, the United Kingdom and New Zealand. These businesses are managed through the business groups as discussed in the segment section. The international operations of the company are summarized in the table below.

COUNTRY	COMPANY NAME	OWNERSHIP %	BUSINESS LINE
Australia	UtiliCorp Australia Holding Limited (UAHL)	UtiliCorp owns 100%	Manages United Energy Limited
Australia	Power Partnership Limited (PPL)	UAHL owns 49.9%	Holding company
Australia	United Energy Limited	PPL owns 100%	Electric distribution utility
Canada	UtiliCorp British Columbia Limited (UBC)	UtiliCorp owns 100%	Owns West Kootenay Power
Canada	West Kootenay Power Limited	UBC owns 100%	Electric utility
United Kingdom	UtiliCorp U.K., Inc. (UKI)	UtiliCorp owns 75%	Holding company
United Kingdom	UtiliCorp U.K., Limited (UKL)	UKI owns 100%	Owns United Gas and minority interests in other U.K. gas marketers
United Kingdom	United Gas Limited	UKL owns 100%	Gas marketing company
New Zealand	UtiliCorp South Pacific Inc. (USP)	UtiliCorp owns 100%	Holding company
New Zealand	UtiliCorp N.Z., Inc.	USP owns 79%	Owns minority interests in WEL Energy Ltd. and Power New Zealand Ltd., electric distribution companies

PROPOSED MERGER WITH KANSAS CITY POWER &AND LIGHT COMPANY (KCPL)

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

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

The Transaction will create a diversified energy company with total combined sales 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 non−utility enterprises including independent power projects, and gas marketing, gathering and processing operations.

The Transaction is subject to approval from each company's shareholders and a number of regulatory authorities. The regulatory approvals process is expected to take about 12 to 18 months. The Merger Agreement includes termination provisions which may require certain payments to the 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 certains business combination transactions.

ENERGYONE BRAND/STRATEGY

In May 1995, the company officially launched the EnergyOne brand. EnergyOne is a unifying name for the products and services provided to the company's customers. Prior to the EnergyOne brand launch, the company marketed its products and services using the local utility division name or separate subsidiary name. Now most company products and services carry the EnergyOne brand. EnergyOne is an integral part of the company's strategy to bring brand awareness and value added services to the industry and thereby create a platform for customer growth outside existing service territories. A sample of these value added services is shown below:

PRODUCT & SERVICE CATEGORY	DESCRIPTION		PRODUCT & SERVICE NAME
Supply Solutions	Assessing customers' energy needs	−	AdvisorOneSM Service
	and providing customized solutions	−	Fuel and Power Management Services
Utility Solutions	Helping customers design, finance,	−	Hot SpotSM Service
	build and maintain generating	−	Power Services
	facilities	−	Special Utility Services
		−	Perfect PowerSM Services
Technology & Equipment Solutions	Designing, developing and	−	ProfileOneSM Service
	installing emerging and proven	−	Productivity & Efficiency Services
	technologies to lower customer		Environmental Energy Services
	energy costs	−	

In addition to developing a new portfolio of products and services in 1995, the company invested in its marketing infrastructure and sales organization to support and sell EnergyOne products and services.

REGULATION

The company's consolidated utility businesses are regulated by the following commissions:

STATE/JURISDICTION	COMMISSION
Kansas	Kansas Corporation Commission
Michigan	Michigan Public Service Commission
Missouri	Public Service Commission of the State of Missouri
Minnesota	Minnesota Public Utilities Commission
Iowa	Iowa State Utilities Board
West Virginia	Public Service Commission of West Virginia
Colorado	Public Utilities Commission of the State of Colorado
Federal	Federal Energy Regulatory Commission
British Columbia, Canada	British Columbia Utilities Commission

There is no state regulatory body in Nebraska. Each municipality served by the company regulates rates and services. AGP's pipeline volumes and rates are regulated by the Texas Railroad Commission.

Set out below is a summary of recent rate case activity of the company.

		REQUESTED			GRANTED		
JURISDICTION	TYPE	AMOUNT (IN MILLIONS)	% INCREASE	DATE	AMOUNT (IN MILLIONS)	% INCREASE	EFFECTIVE DATE
Nebraska	Gas	$ 5.2	10.0%	8/95	Pending	Pending	Pending
Michigan	Gas	10.5	N/A	10/95	" "	" "	" "
Kansas	Gas	5.1	7.6	12/95	" "	" "	" "
Missouri	Electric Wholesale	.6	N/A	11/95	" "	" "	" "

ENVIRONMENTAL

The company is subject to various environmental regulations including air quality standards and emission limitations, clean water criteria pertaining to certain facilities and the handling and disposal of hazardous substances. Compliance with existing regulations, and those which may be promulgated in the future, can result in considerable capital expenditures and operation and maintenance expense. A discussion of the environmental matters of the company follows.

MANUFACTURED GAS PLANTS:

The company owns or once operated 29 former manufactured gas plants (MGPs) which may, or may not, require some form of environmental remediation. The company has contacted appropriate federal and state agencies and is in the process of determining what, if any, specific cleanup activities may be needed at these sites.

As of December 31, 1995, the company has spent approximately $7.0 million for investigating and remediating its MGP sites. The company currently estimates that it will spend a minimum of approximately $6.2 million over the next several years on the company's identified MGP sites. These amounts could change materially based upon further investigations, the actions of environmental agencies and the financial viability of other responsible parties. Additionally, the ultimate liability may be significantly affected if the company is held responsible for parties not financially able to contribute to these costs. Based on prior experience, available facts and existing law, the company has recorded a liability of $6.2 million representing its estimate of the amount of environmental costs currently expected to be incurred.

PRICE RISK MANAGEMENT ACTIVITIES

The company utilizes certain types of fixed-price contracts in connection with its natural gas, natural gas liquids, and power marketing businesses. These contracts include contracts that commit the company to purchase or sell natural gas and other commodities at fixed prices in the future (i.e., fixed-price forward purchase and sales contracts), futures and options contracts traded on the NYMEX and swaps and other types of financial instruments traded in the over-the counter financial markets.

The availability and use of these types of contracts allow the company to manage and hedge its fixed-price purchase and sales commitments, to provide fixed-price commitments as a service to its customers and suppliers (i.e., price risk intermediation services), to reduce its exposure relative to the volatility of cash market prices, to take advantage of carefully selected arbitrage opportunities through open positions and to protect its investment in storage inventories. In addition, by utilizing exchange for physical transactions, or EFP's, allowed by the NYMEX, which enable the company to take delivery of, or sell, a physical quantity of natural gas in exchange for a futures position, the company is able to secure additional sources of physical natural gas supply, or create additional markets for existing supply, through the use of natural gas futures contracts. The company's domestic natural gas trading activities are referred to herein as price risk management activities and are reflected in the accompanying financial statements using the mark-to-market method of accounting. The company's foreign gas marketing, domestic non-trading gas, natural gas liquids and power marketing businesses are accounted for on the accrual method.

Although the company generally attempts to balance its fixed-price physical and financial purchase and sales contracts in terms of contract volumes and the timing of performance and delivery obligations, net open positions often exist or are established due to the origination of new transactions and the company assessment of, and response to, changing market conditions. Additionally, the company will at times create a net open position or allow a net open position to continue when it believes, based upon competitive information gained from its energy marketing activities, that future price movements will be consistent with its net open position. To the extent that the company has a net open position, company is exposed to the risk that fluctuating market prices may adversely impact its financial position or results of operations.

In addition to the risk associated with price movements, credit risk is also inherent in the company's risk management activities. Credit risk relates to the risk of loss resulting from the nonperformance of a counterparty of its contractual obligations. The company maintains credit policies with regard to its counterparties that the company believes significantly minimize overall credit risk. These policies include the thorough review of potential counterparties' financial condition, collateral requirements under certain circumstances, monitoring of net exposure to each counterparty and the use of standardized agreements which allow for the netting of positive and negative exposures associated with each counterparty.

COMPETITION

DOMESTIC UTILITY OPERATIONS:

ELECTRIC

The electric industry has increasingly become more competitive as federal and state regulators and legislators continue taking steps toward deregulation. The anticipation of reduced regulation triggered some dramatic events in 1995. Five major utility mergers were announced, including three that affect competitors close to or next to the company's service territories. Other utilities have implemented cost reduction programs and organizational changes in preparation for greater competition. The company began looking at its strengths and opportunities in respect to future increased competition two years ago when the company brought together approximately 100 employees from around the company to work on a strategic plan that would be the foundation to reposition and reshape the company. In 1995 the company began centralizing business support functions that previously were performed separately in the operating divisions and building its resources and capacity to take advantage of opportunities brought about as competition increases.

The company currently accounts for the economic effects of regulation in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 71 "Accounting for the Effects of Certain Types of Regulation," and accordingly has recorded certain costs as regulatory assets in the financial statements. The company expects that its rates will continue to be based on historical costs for the foreseeable future. If the company discontinued applying SFAS No. 71, it would be required to make adjustment to the carrying value of certain assets.

GAS

The competitive forces affecting the company's electric operations are also affecting the company's gas operations. In addition, as competing electric utilities reduce costs it becomes more difficult to obtain new customers through fuel switching opportunities and in certain cases the increased competition may result in customer losses. The Federal Energy Regulatory Commission (FERC) Order 636 shifted gas supply responsibilities from traditional pipeline company sources to distribution utilities and allows customers to bypass the company's system by directly connecting to a transportation pipeline. The company has addressed increased competition and industry changes in several ways. First, the company's natural gas is priced competitively in the company's respective service territories relative to alternative energy sources. Second, the company established in 1993 a central gas procurement function designed to take advantage of opportunities created by FERC Order 636. Besides offering low cost natural gas, the company offers its customers a wide range of energy solutions to meet customer demands.

ENERGY RELATED:

Energy related businesses consist of the two business units of Aquila Energy Corporation (AEC). AEC has many competitors in the markets its serves, including other marketing companies, gas pipelines, distribution companies and alternative fuels. AEC's ability to compete successfully and grow in this environment is contingent upon performance and pricing of the natural gas markets.

SEASONAL VARIATIONS OF BUSINESS

The company's utility and independent power project businesses are weather sensitive. The company has both summer and winter peaking utility assets to reduce dependence on a single peak season. The table below shows peak times for its consolidated utility businesses.

JURISDICTION	PEAK
Gas utility operations	November through March
Missouri electric	July and August
Kansas electric	July and August
Colorado electric	July and August
West Virginia electric	November through March
British Columbia, Canada electric	November through March

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

Segment information for the three years ended December 31, 1995 appears on page 56.

I. ELECTRIC OPERATING STATISTICS

The following table summarizes the sales, volume and customers of the company's electric transmission and distribution businesses.

	1995	1994	1993	1992	1991
Sales (in millions)					
Residential	$ 252.4	$ 245.8	$ 236.8	$ 212.5	$ 173.6
Commercial	161.1	157.3	156.2	148.3	102.0
Industrial	77.3	75.1	76.0	73.3	46.4
Other	86.9	78.8	77.9	73.7	57.4
Total	$ 577.7	$ 557.0	$ 546.9	$ 507.8	$ 379.4
Volumes (MWH)					
Residential	3,678	3,512	3,536	3,176	2,735
Commercial	2,676	2,611	2,528	2,367	1,672
Industrial	1,927	1,897	1,921	1,800	1,197
Other	2,264	2,099	1,939	1,748	1,468
Total	10,545	10,119	9,924	9,091	7,072
Customers					
Residential	374,701	367,943	360,429	354,086	346,434
Commercial	55,266	54,444	53,475	52,748	51,765
Industrial	324	321	302	301	302
Other	4,575	3,706	3,678	3,691	3,634
Total	434,866	426,414	417,884	410,826	402,135

The company has electric operations in the states of Missouri, Kansas, Colorado and West Virginia and in British Columbia, Canada. The company's generation facilities are outlined on page 13. The following table shows the overall fuel and purchased power mix, and system capability for the past five years.

SOURCE	1995	1994	1993	1992	1991
			(MW)		
Coal	875	868	864	863	858
Hydro	205	205	205	206	206
Gas & Oil	705	705	700	716	723
Total generation	1,785	1,778	1,769	1,785	1,787
Purchased power	885	904	840	820	694
Total system capacity	2,670	2,682	2,609	2,605	2,481

Changes in fuel cost are recovered through various fuel recovery mechanisms in Kansas and West Virginia. Changes in fuel cost in Missouri, Colorado and British Columbia are generally absorbed.

II. GAS OPERATING STATISTICS

The following table summarizes the sales, volume and customers of the company's gas distribution businesses.

	1995	1994	1993	1992	1991
Sales (in millions)					
Residential	$ 362.2	$ 356.4	$ 380.2	$ 276.0	$ 257.6
Commercial	153.9	156.9	177.5	130.0	118.8
Industrial	45.8	66.7	89.8	76.4	90.9
Other	54.9	38.6	38.6	33.3	28.7
Total	$ 616.8	$ 618.6	$ 686.1	$ 515.7	$ 496.0
Volumes (MCF)					
Residential	76,461	71,208	74,421	58,095	56,383
Commercial	37,282	35,952	40,232	32,239	30,861
Industrial	12,901	18,439	26,868	23,841	30,908
Transportation	178,114	135,924	115,877	112,831	108,044
Other	1,827	2,420	3,672	2,683	1,928
Total	306,585	263,943	261,070	229,689	228,124
Customers					
Residential	713,586	698,156	661,930	535,058	519,149
Commercial	76,430	76,015	73,365	60,054	58,299
Industrial	3,790	3,878	3,874	3,622	3,666
Other	2,815	1,581	1,185	582	539
Total	796,621	779,630	740,354	599,316	581,653

The company's gas operations are primarily in the states of Missouri, Kansas, Colorado, Nebraska, Iowa, Minnesota, Michigan and West Virginia. Except for its West Virginia operations, the company procures natural gas through a central gas supply department located in Omaha, Nebraska. For West Virginia the company procures its gas relying on local supplies fed directly into its distribution system and the spot market.

III. ENERGY RELATED OPERATING STATISTICS

A description of AEC's segments is presented below.

A. WHOLESALE ENERGY MARKETING

AEC's wholesale energy marketing business is conducted through Aquila Energy Marketing and Aquila Gas Pipeline Corporation (AGP), collectively referred to as Energy Marketing. Energy Marketing is a gas marketing company with a marketing, supply and transportation network consisting of relations with more than 1,000 gas producers and 500 local distribution companies and end-users throughout the United States and in Mexico and Canada. Through more than 350 transportation agreements, it has over 17,500 gas receiving and delivery points available on a network of 33 pipelines. For the five years in the period ended December 31, 1995, Energy Marketing had marketing volumes of 1,427, 1,002, 1,381, 1,589 and 1,003 MMcf/d, respectively.

In 1995, Energy Marketing began selling electricity to wholesale and other end users similarly to how it markets natural gas. AEC expects that the electricity marketing industry will expand rapidly as electricity futures trading is developed and the infrastructure of this industry segment is established. In 1995 its wholesale power sales totaled more than 135,000 megawatt hours, ranking it among the nation's 10 largest power marketers.

B. GAS GATHERING AND PROCESSING

AEC through AGP gathers and processes natural gas and natural gas liquids. AGP owns and operates a 3,311-mile intrastate gas transmission and gathering network and four processing plants that extract and sell natural gas liquids. Key operating statistics for AGP are presented in the table below.

	1995	1994	1993	1992	1991
Natural gas throughput (MMcf/d)	507	372	329	285	142
Natural gas liquids produced (000's barrels/d)	32	31	31	24	7
Pipeline miles operated	3,311	2,718	2,531	2,014	1,262

In October 1993, 18% of AGP, or 5.4 million common shares was sold to the public in an initial public offering. The offering resulted in a non-taxable $47.8 million gain.

C. OIL AND GAS PRODUCTION

On September 27, 1995, substantially all of AEC's oil and gas producing properties were sold to another company for $205 million which approximates book value.

IV. OTHER BUSINESSES AND EQUITY INVESTMENTS

A. AUSTRALIA

On September 6, 1995, PPL, of which the company owns 49.9 percent, acquired United Energy Limited (UE), an Australian electric distribution utility, from the State of Victoria for approximately $1.15 billion. The company's ownership interest cost approximately $257.9 million and was financed with Australian-dollar-denominated bank debt through a consortium of banks.

UAHL manages UE on behalf of PPL for a fixed fee plus direct expenses and a variable fee based on UE's profitability. UAHL's management contract with PPL has a term of 10 years.

UE has approximately 520,000 customers and sales volume of 6,393 MWHs. UAHL accounts for its ownership interest in PPL by the equity method. As of December 31, 1995, UAHL's investment in PPL was approximately $257.9 million.

B. NEW ZEALAND

The company has equity investments in two electric distribution utilities in New Zealand. The company through UtiliCorp N.Z., Inc. (UNZ), a 79%-owned subsidiary, owns 39% of WEL Energy Group Limited (WEL) and 27.5% of Power New Zealand Limited (PNZ). PNZ is New Zealand's second largest electric distribution utility with approximately 214,000 customers. WEL has approximately 65,000 customers. On November 30, 1995, UNZ concluded a transaction with Todd Corporation whereby Todd sold its shares in PNZ to UNZ for $69.4 million. Todd Corporation is a 21% shareholder in UNZ. UNZ's investment in PNZ and WEL at December 31, 1995, was $107.1 million and $39.1 million, respectively.

In February 1995, UNZ paid $16.1 million to WEL to fully pay its capital commitment to WEL. UNZ now participates in WEL's earnings to the full extent of its ownership. Prior to the remaining capital call payment, UNZ's participation in WEL's earnings was limited to 5%.

C. UNITED KINGDOM

The company has various natural gas marketing operations in the United Kingdom through subsidiaries and equity interests. The company's principal gas marketing operations are conducted through United Gas Limited, a subsidiary that markets natural gas to wholesale and industrial customers. The company also has 25% ownership interests in five marketing joint ventures. See pages 27 and 54 for more information on the United Kingdom operations.

D. UTILCO GROUP

UtilCo Group invests in various independent power projects. UtilCo Group's strategy includes investing in projects that are geographically diverse and that use a variety of traditional fuels and proven generation technologies. UtilCo Group has 17 projects in seven states and has committed to invest in a project in Jamaica. UtilCo Group's generating projects have an aggregate capacity of 873 MW.

In May 1995, UtilCo Group and the company acquired an interest in a co-generation plant that sells its output to a paper and pulp plant in Alabama for $59 million.

In October 1995, UtilCo Group entered into a joint venture agreement with Air Products and Chemicals, Inc. to develop, own, and operate generation projects. The projects will consist of gas fired combustion turbine applications throughout 16 states in the Midwest.

EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE OFFICER	PROFESSIONAL EXPERIENCE
Richard C. Green, Jr.	TITLES: Chairman of the Board of Directors, and Chief Executive Officer AGE: 41 5-YEAR HISTORY: Chairman of the Board of Directors since February 1989 and Chief Executive Officer since May 1985. Mr. Green previously was also President from May 1985 to February 1996.
Robert K. Green	TITLES: President of the company and Chairman of the Board of Directors and Chief Executive Officer of United Energy Limited AGE: 34 5-YEAR HISTORY: President since February 1996. Executive Vice President from January 1993 to February 1996. Prior to January 1993, Mr. Green was President of the Missouri Public Service division between 1993 and 1991. Between 1991 and 1989 Mr. Green held various division officer positions with Missouri Public Service.
B. C. Burgess	TITLE: Senior Vice President, Marketing Services AGE: 50 5-YEAR HISTORY: In present position since September 1994. Vice President of the company from January 1994 to September 1994. Prior to January 1994, Mr. Burgess was employed by Bell Atlantic Corporation as a Vice President between 1994 and 1993 and was employed as a Vice President between 1993 and 1990 with Sprint Corporation.
Charles K. Dempster	TITLE: Chairman of the Board of Directors and Chief Executive Officer of UtiliCorp U.K., Inc. AGE: 53 5-YEAR HISTORY: In present position since November 1995. Before current position Mr. Dempster was Vice President, Energy Resources from September 1994. From December 1995 to January 1993, Mr. Dempster was President of Aquila Energy Corporation, a subsidiary of the company. Prior to being employed by the company, Mr. Dempster was President of Reliance Pipeline Company since 1987.

EXECUTIVE OFFICER	PROFESSIONAL EXPERIENCE
James G. Miller	TITLE: Senior Vice President, Energy Delivery AGE: 47 5-YEAR HISTORY: In present position since September 1994. Prior positions included various division President posts from 1983.
Harvey J. Padewer	TITLE: Senior Vice President, Energy Resources and Power Services and President of Aquita Energy Corporation. AGE: 5-YEAR HISTORY: Present position since January 1996. From May 1995, Mr. Padewer was Vice President, Power Services. Prior to being employed by the company Mr. Padewer was employed by Asea Brown Boveri Power Generation, Inc., at various officer level positions for over five years.
James S. Brook	TITLE: Vice President (Principal Accounting Officer) AGE: 45 5-YEAR HISTORY: Present position since November 1993. Prior to current position, Mr. Brook held various Vice President positions at Missouri Public Service and West Kootenay Power since 1980.
Dale J. Wolf	TITLE: Vice President Finance, Treasurer and Corporate Secretary (Principal Financial Officer) AGE: 56 5-YEAR HISTORY: Held present position for 6 years. Prior position was Vice President, Finance and Treasurer for four years.

All officers are elected annually by the Board of Directors for a term of one year. Robert K. Green is the brother of Richard C. Green, Jr., and Avis G. Tucker, Director, is the aunt of Richard C. Green, Jr. and Robert K. Green.

ITEM 2. PROPERTIES.

The company owns electric production, transmission and distribution systems and gas transmission and distribution systems throughout its service territories. The company also owns gas gathering, processing and pipeline systems. Substantially all utility plant assets in Michigan are mortgaged under terms pursuant to an Indenture of Mortgage and Deed of Trust dated July 1, 1951, as supplemented. Substantially all of the company's Canadian utility plant is mortgaged under terms pursuant to a separate indenture.

I. UTILITY FACILITIES

The company's electric generation facilities, as of December 31, 1995, are as follows:

UNIT	LOCATION	YEAR INSTALLED	UNIT CAPABILITY (KW NET)	FUEL	NET GENERATION
MISSOURI					
Sibley #1	Sibley	1960	52,400	Coal	278,606
Sibley #2	Sibley	1962	52,400	Coal	269,358
Sibley #3	Sibley	1969	387,900	Coal	1,993,865
Ralph Green #3	Pleasant Hill	1981	60,100	Gas	22,433
Nevada #1	Nevada	1974	18,600	Oil	70
Greenwood #1	Greenwood	1975	46,100	Oil	1,621
Greenwood #2	Greenwood	1975	44,200	Oil	2,462
Greenwood #3	Greenwood	1977	47,200	Oil	3,648
Greenwood #4	Greenwood	1979	45,700	Oil	4,328
KCI #1	Platte County	1970	12,600	Gas	1,202
KCI #2	Platte County	1970	12,600	Gas	1,573
KANSAS					
Judson Large #4	Dodge City	1969	137,000	Gas/Oil	326,600
Arthur Mullergren #3	Great Bend	1963	92,000	Gas/Oil	217,036
Cimarron River #1	Liberal	1963	58,000	Gas	50,548
Cimarron River #2	Liberal	1967	14,000	Gas	720
Clifton #1	Clifton	1974	71,000	Gas	
Clifton #2	Clifton	1974	2,500	Oil	23,935
Jeffrey #1	Pottawatomie County	1978	111,600	Coal	573,544
Jeffrey #2	Pottawatomie County	1980	117,600	Coal	789,712
Jeffrey #3	Pottawatomie County	1983	112,000	Coal	738,536
COLORADO					
W.N. Clark #1	Canon City	1955	16,580	Coal	101,960
W.N. Clark #2	Canon City	1959	29,110	Coal	139,444
Pueblo #6	Pueblo	1949	19,000	Gas/Oil	54,573
Diesel #'s 1,2,3,4,5	Pueblo	1964	10,000	Oil	
Diesel #'s 1,2,3,4,5	Rocky Ford	1964	10,000	Oil	
CANADA					
No. 1	Lower Bonnington, BC	1925	41,400	Hydro	331,084
No. 2	Upper Bonnington, BC	1907/1916/1940	59,400	Hydro	413,827
No. 3	South Slocan, BC	1928	53,200	Hydro	423,633
No. 4	Corra Linn, BC	1932	51,300	Hydro	339,679
TOTAL			1,785,490		7,103,997

At December 31, 1995, the company had transmission and distribution lines as follows:

VOLTAGE	LENGTH (POLE MILES)
345 KV	58
230 KV	276
161 KV	624
138 KV	74
115 KV	924
69 KV	1,393
34.5 KV	1,860
Less than 34.5 KV	--
Overhead distribution lines	16,403
Underground distribution lines	2,509

At December 31, 1995, the company owned substations aggregating 9,562,993 KVA.

At December 31, 1995, the company's gas utility operations had 3,188 miles of gas gathering and transmission pipelines and 20,406 miles of distribution mains and service lines located throughout its service territories.

II. GAS PROCESSING AND GATHERING ASSETS

AGP owns or has an interest in 14 natural gas pipeline systems with an aggregate length of approximately 3,311 miles. These pipelines do not form an interconnected system. Set forth below is information with respect to AGP's pipeline systems as of December 31, 1995:

GATHERING SYSTEMS	LOCATION	MILES OF PIPELINE (1)	GAS THROUGHPUT CAPACITY (MMCF/D) (1)	AVG. DAILY GAS THROUGHPUT (MMCF/D) (2)
Southeast Texas Pipeline System (SETPS)	SE Texas	2,138	710	427
Mentone	W. Texas	13	60	--
Gomez	W. Texas	11	40	1
Menard County	W. Texas	118	30	4
Maverick County	W. Texas	118	20	3
Rhoda Walker	W. Texas	21	20	6
Panola County	E. Texas	24	8	1
Elk City	SW Oklahoma	154	115	73
Mooreland	NW Oklahoma	313	40	16
Tristar entities:				
Borado-40%	S. Texas	57	40	18
Warwink-35%	W. Texas	44	100	22
Benedum/Wilshire-5%	W. Texas	204	125	4
Brooks-Hidalgo	S. Texas	96	75	9
		3,311	1,383	584
Fuel and Shrinkage			--	(78)
Total		3,311	1,383	506

(1) All capacity, volume and mileage information is approximate. Capacity figures are management's estimates based on existing facilities without regard to the present availability of natural gas.

(2) Excludes off-system sales with average daily volumes of 360 MMcf/d sold from other companies' facilities.

AGP owns or has an interest in 4 natural gas processing and treating plants with aggregate gas throughput capacity of 495 MMcf/d. Set forth below is information about AGP's processing plants as of December 31, 1995.

PLANT	GAS THROUGHPUT CAPACITY	GAS THROUGHPUT	NATURAL GAS LIQUIDS PRODUCTION	GATHERING SYSTEM
La Grange, Texas	230	213	23.0	SETPS
Somerville, Texas	25	27	2.9	SETPS
Katy, Texas (3)	--	55	2.3	SETPS
Bendum Plant-5%	125	4	--	Benedum/Wilshire
Elk City, Oklahoma	115	73	3.4	Elk City
Total	495	372	31.6	

- -------------------------

(1) All capacity and volume information is approximate. Capacity figures are management's estimates based on existing facilities without regard to the present availability of natural gas.

(2) Volumes from joint venture have been included at the AGP ownership interest.

(3) This plant is owned and operated by a third party from which the AGP receives a portion of the NGLs produced from gas the AGP delivers to the plant.

The availability of natural gas reserves to AGP depends on their development in the area served by its pipelines and on AGP's ability to purchase gas currently sold to or transported through other pipelines. The development of additional gas reserves will be affected by many factors including the prices of natural gas and crude oil, exploration and development costs and the presence of natural gas reserves in the areas served by AGP's systems.

III. INDEPENDENT POWER PROJECTS

Information regarding the company's UtilCo Group subsidiary's generating projects is set forth below.

PROJECT & LOCATION	TYPE OF INVESTMENT	OWNED	(MEGAWATTS)	FUEL	DATE IN SERVICE
Mega Renewables G.P., 4 projects in California	General partnership	49.75%	12.2	Hydro	Spring 1987(b)
Topsham Hydro Partners, Maine	Leveraged lease	50%	13.9	Hydro	October 1987
Stockton CoGen Company, California	General partnership	50%	49.9	Coal	March 1988(c)
Westwood Energy Properties, Pennsylvania	Limited partnership	38%	29.25	Waste coal	July 1988
BAF Energy L.P., California	Limited partnership	23.1%	111	Natural Gas	May 1989
Rumford Cogeneration Company L.P., Maine	Limited partnership	24.3%	75	Coal and waste wood	May 1990
Koma Kulshan Associates, Washington	Limited partnership	49.75%	13.7	Hydro	October 1990
Badger Creek Limited, California	Limited partnership	49.75%	46.6	Natural gas	April 1991
McKittrick Limited, California	Limited partnership	49.75%	45.4	Natural gas	October 1991
Live Oak Limited, California	Limited partnership	50%	45.8	Natural gas	April 1992
Lockport Energy Associates, L.P., New York	Limited partnership	22.56%	168.8	Natural gas	December 1992
Orlando Cogen Limited, L.P., Florida	Limited partnership	50%	120	Natural gas	September 1993
Naheola Cogeneration LP, Alabama	Limited partnership	50%	81.2	Black liquor solids, coal, gas, wood	March 1993(d)
Jamaica Private Power Company, Jamaica	Limited liability Company	22%	60	Diesel	June 1996 Est.

(a) Total capacity, net of power consumed in generation.

(b) Interest acquired by UtilCo Group in June 1989.

(c) Interest acquired by UtilCo Group in December 1988.

(d) Interest acquired by UtilCo Group and the company in May 1995.

ITEM 3. LEGAL PROCEEDINGS.

On June 17, 1992, a class action suit was filed in the United States District Court for the Western District of Missouri by a stockholder against the Company and certain unnamed employees of the Company and/or its subsidiary, Aquila Energy Corporation. Plaintiff subsequently dismissed its claims against all defendants except the Company. The case caption is WILLIAM ALPERN VS. UTILICORP UNITED INC.. In this case, plaintiff alleges that the Company violated various securities laws, including Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 of the Securities and Exchange Commission, both by making misrepresentations and omitting to state material facts in connection with public disclosures. Plaintiff also alleges a claim under Section 11 of the Securities Act of 1933, as amended. Among other relief, plaintiff seeks unspecified compensatory damages. The District Court has dismissed the case by granting summary judgment to UtiliCorp. The plaintiffs have asked the District Court to reconsider that decision and they have appealed that decision to the United States Court of Appeals for the Eighth Circuit.

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

None.

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

The company's common stock (par $1) is listed on the New York, Pacific and Toronto stock exchanges under the symbol UCU. At December 31, 1995, the company had 38,136 common shareholders of record. Information relating to market prices of common stock and cash dividends on common stock is set forth in the table below.

MARKET PRICE

	HIGH	LOW	CASH DIVIDENDS
1995 QUARTERS			
First	29.50	26.25	.43
Second	29.00	27.25	.43
Third	28.50	26.63	.43
Fourth	29.63	27.50	.43
1994 QUARTERS			
First	31.63	29.00	.42
Second	31.38	28.00	.42
Third	29.75	26.25	.43
Fourth	27.75	25.38	.43

Cash dividends on the common stock of the company and its predecessor have been paid each year since 1939.

Cash dividends on and acquisition of the company's capital stock are restricted by provisions of the MGU Indenture and by the Preference Stock provisions of the Certificate of Incorporation. Under the most restrictive of these provisions, contained in the MGU Indenture, the company may not declare or pay any dividend (other than a dividend payable in shares of its capital stock), whether in cash, stock or otherwise, or make any other distribution, on or with respect to any class of its capital stock, or purchase or otherwise acquire any shares of, any class of its capital stock if, after giving effect thereto, the sum of (i) the aggregate amount of all dividends declared and all other distributions made (other than dividends declared or distributions made in shares of its capital stock) on shares of its capital stock, of any class, subsequent to December 31, 1984, plus (ii) the excess, if any, of the amount applied to or set apart for the purchase or other acquisition of any shares of its capital stock, of any class, subsequent to December 31, 1984, over such amounts as shall have been received by the company as the net cash proceeds of sales of shares of its capital stock, of any class, subsequent to December 31, 1984, would exceed the sum of the net income of the company since January 1, 1985, plus $50 million. In addition, the company may not declare such dividends unless it maintains a tangible net worth of at least $250 million and the aggregate principal amount of its outstanding indebtedness does not exceed 70% of its capitalization. None of the company's retained earnings was restricted as to payment of cash dividends on its capital stock as of December 31, 1995.

In addition, cash dividends on, and acquisition of, the company's common stock will be restricted by provisions of the Indenture of the company dated as of June 1, 1995 relating to its 8 7/8% Junior Subordinated Deferrable Interest Debentures, Series A, due 2025. In the event the company elects to defer interest on such Debentures then the company may not declare any dividend on or acquire any shares of its capital stock during such deferral period.

ITEM 6. SELECTED FINANCIAL DATA.

	1995	1994	1993	1992	1991
Sales	$ 2,798.5	$ 2,398.1	$ 2,746.1	$ 2,339.0	$ 1,726.2
Income from operations	225.1	228.0	144.0	165.4	192.7
Net income	79.8	94.4	86.4	52.9	77.6
Earnings available for common shares	77.7	91.4	79.5	46.0	69.8
Primary earnings per common share	1.72	2.08	1.95	1.32	2.37
Fully diluted earnings per common share	1.71	2.06	1.92	1.31	2.27
Cash dividends per common share	1.72	1.70	1.62	1.60	1.54
Total assets	3,885.9	3,111.1	2,850.5	2,552.8	2,387.3
Short-term debt (including current maturities)	303.7	321.2	71.8	236.8	114.5
Long-term debt	1,355.4	976.9	1,009.7	890.8	928.1
Company-obligated mandarorily redeemable preferred securities of a partnership	100.0	--	--	--	--
Preference and preferred stock	25.4	25.4	83.9	95.1	97.1
Common shareholders' equity	946.3	906.8	851.7	661.1	660.7
Book value per common share	20.59	20.24	20.27	18.66	19.18

- ------------------------

(1) In 1995, the company recorded a $34.6 million pretax charge related to impaired assets.

(2) In 1995, the company changed its method of accounting for domestic natural gas trading operations to the mark-to-market method. This change in accounting increased sales and income from operations by $29.8 million, net income by $18.3 million and total assets by $201.9 million. This change in accounting has been reflected from January 1, 1995. The pro forma effect on prior periods is not material.

(3) In 1993, AEC, a subsidiary of the company, recorded a $69.8 million restructuring charge against pretax earnings related to a change in strategic direction.

(4) In 1993, AEC sold 18% of AGP in an initial public offering resulting in a non-taxable gain of $47.8 million.

(5) In 1992, AEC recorded a $17.7 million charge against pretax earnings related to improper payments by former employees of AER, a wholly-owned subsidiary of Aquila.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

KEY EVENTS OF 1995

- In May 1995 the company launched a national marketing campaign to promote EnergyOne, the industry's first nationwide brand for energy products and services.

- In May 1995 UtiliCorp and its UtilCo Group subsidiary purchased a $59 million, 50% ownership interest in a partnership that owns and operates a cogeneration facility in Alabama.

- In September 1995 the company acquired a 49.9% ownership interest in United Energy, an Australian electric distribution utility, for approximately $257.9 million. The company manages the utility which serves approximately 520,000 customers in metropolitan Melbourne.

- In September 1995 UtiliCorp and Novell, Inc. announced a partnership to jointly develop smart networking technologies to better manage energy use by communicating over power lines.

- In September 1995 the company sold substantially all of its oil and gas production assets for approximately $205 million cash, or about book value.

- In the fourth quarter of 1995, the company recorded a $34.6 million pretax provision for asset impairments and adopted a new accounting standard regarding long-lived assets.

- In late 1995 the company changed its accounting method for natural gas trading activities to the mark-to-market method, effective January 1, 1995. This change increased 1995 net income by $18.3 million and primary earnings per share by $.41.

- In January 1996 UtiliCorp and Kansas City Power & Light Company signed a definitive agreement to merge into a new company. The merger will create a diversified energy company with sales of more $3.5 billion and over $6.5 billion in total assets.

OVERVIEW

Except where noted, the following discussion refers to the consolidated entity, UtiliCorp United Inc., including its three principal operating segments: electric operations, gas operations and energy related businesses (Aquila Energy Corporation [Aquila]). The company has other operations that effect sales and income from operations which are discussed in the Other Businesses and Equity Investments section. Significant events and trends are presented which have had an effect on the operations of the company during the three-year period ended December 31, 1995. Also presented are factors that may affect future operating results, financial position and liquidity. This discussion should be read in conjunction with the company's consolidated financial statements and accompanying notes.

1995 RESULTS

UtiliCorp's 1995 earnings available for common shares were $77.7 million or 15% below earnings available in 1994. The 1995 financial results were affected by certain adjustments recorded in the third and fourth quarters of 1995. First, financial results were favorably affected by a change in accounting method related to price risk management activities. This change increased net income by $18.3 million and income from operations by $29.8 million. Second, financial results were reduced by a provision for asset impairments that decreased net income by $19.6 million and income from operations by $34.6 million. And third, financial results were affected negatively by an $11 million pretax reserve established for financial guarantees provided by the company and to certain of its partners in United Kingdom gas marketing ventures. The reserve became necessary due to a sharp decline in British natural gas prices. Also impacting the 1995 financial results was higher interest expense than in 1994 due to acquisition opportunities primarily financed through long- and short-term debt. The company also absorbed approximately $11.5 million (pretax) of costs for restructuring, including early retirements, severance, recruitments and relocations.

ELECTRIC OPERATIONS

The company's electric segment includes the electric utility operations of Missouri Public Service, West Kootenay Power, West Virginia Power and WestPlains Energy.

THREE-YEAR REVIEW -- ELECTRIC OPERATIONS	YEAR ENDED DECEMBER 31, 1995	1994	1993
	DOLLARS IN MILLIONS		
Sales	$ 577.7	$ 557.0	$ 546.9
Cost of sales -- fuel and purchased power	193.1	190.7	197.3
Gross profit	384.6	366.3	349.6
Expenses:			
Other operating	116.9	101.9	97.8
Maintenance	35.3	38.8	38.5
Taxes, other than income taxes	51.3	50.4	48.0
Depreciation and amortization	53.7	49.9	45.9
Total expenses	257.2	241.0	230.2
Income from operations	$ 127.4	$ 125.3	$ 119.4
Identifiable assets	$ 1,200.2	$ 1,164.6	$ 1,162.0
Capital expenditures	69.5	81.3	87.4
Electric sales (MWH 000's)	10,545	10,119	9,924
Number of customers	434,866	426,414	417,884

SALES

Electric sales in 1995 increased $20.7 million or 4% compared to 1994 due to more favorable weather, continued growth in the number of customers, and new rates at West Kootenay Power effective January 1, 1995. Extremely hot summer temperatures in 1995 benefited the company's domestic electric operations. The electric operations in Missouri, Colorado and Kansas, which represent over 80% of total electric sales, peak during the summer months. Sales increased $10.1 million or 2% in 1994 compared to 1993 primarily due to additional customers.

COST OF SALES

Fuel and purchased power expenses, collectively referred to as cost of sales, increased $2.4 million or 1% in 1995 compared to 1994. The increase was primarily due to favorable weather and increased customers discussed above, offset by reduced fuel costs. Cost of sales decreased significantly in 1994 compared to 1993 due to lower-priced contracts for purchased power, coal and rail transportation.

EXPENSES

Operating expenses increased $15.0 million or 15% in 1995 compared to 1994 due to additional sales staff expenses and costs of repositioning and reshaping the businesses. In 1995, the company began centralizing business support functions such as human resources, accounting and information technology, among others, which previously were located in the company's individual business units. This centralization process combined with building a sales force are the main causes of the increase. The company expects that its repositioning and reshaping activities will continue in 1996. The increase in depreciation and amortization expense for all periods shown is due to additional capital improvements made to utility assets.

CAPITAL EXPENDITURES

The capital budget for the next five years is shown below.

	GENERATION	TRANSMISSION	DISTRIBUTION	OTHER	TOTAL
1996	$ 33.8	$ 20.3	$ 35.2	$ 24.8	$ 114.1
1997	69.4	14.8	31.6	26.2	142.0
1998	21.0	11.0	32.8	27.1	91.9
1999	14.4	6.7	34.1	29.4	84.6
2000	15.0	5.7	33.2	25.4	79.3

ENVIRONMENTAL MATTERS

The company has been named as a potentially responsible party (PRP) at five PCB disposal facilities. The company's combined clean-up expenditures have been less than $1 million to date and it anticipates that future expenditures on these sites will not be significant. The company is in compliance with sulfur dioxide emission requirements established by the Clean Air Act Amendments of 1990. The company's environment related expenditures generally are being recovered or deferred pending expected recovery through rates.

COMPETITION

The electric industry has increasingly become more competitive as federal and state regulators and legislators continue taking steps toward deregulation. The anticipation of reduced regulation triggered some dramatic events in 1995. Five major utility mergers were announced, including three that affect competitors close to or next to the company's service territories. Other utilities have implemented cost reduction programs and organizational changes in preparation for greater competition.

The company began looking at its strengths and opportunities in respect to future increased competition two years ago when the company brought together approximately 100 employees from around the company to work on a strategic plan that would be the foundation to reposition and reshape the company. In 1995 the company began centralizing business support functions that previously were performed separately in the operating divisions and building its resources and capacity to take advantage of opportunities brought about as competition increases.

The company currently accounts for the economic effects of regulation in accordance with the provisions of Statement of Financial Accounting Standards No. 71 (SFAS No. 71), "Accounting for the Effects of Certain Types of Regulation," and accordingly has recorded certain costs as regulatory assets in the financial statements. The company expects that its rates will continue to be based on historical costs for the foreseeable future. If the company discontinued applying SFAS No. 71, it would be required to make adjustments to the carrying value of certain assets.

GAS OPERATIONS

The company's gas segment includes the gas utility operations of Missouri Public Service, Kansas Public Service, Peoples Natural Gas, Northern Minnesota Utilities, Michigan Gas Utilities and West Virginia Power.

THREE-YEAR REVIEW -- GAS OPERATIONS	1995	1994	1993
	YEAR ENDED DECEMBER 31,		
	DOLLARS IN MILLIONS		
Sales	$ 616.8	$ 618.6	$ 686.1
Cost of sales -- Gas purchased for resale	348.9	381.1	443.4
Gross profit	267.9	237.5	242.7
Expenses:			
Other operating	129.8	113.7	115.7
Maintenance	9.1	8.8	8.8
Taxes, other than income taxes	26.4	23.1	23.9
Depreciation and amortization	34.3	30.1	28.6
Total expenses	199.6	175.7	177.0
Income from operations	$ 68.3	$ 61.8	$ 65.7
Identifiable assets	$ 900.0	$ 819.9	$ 716.9
Capital expenditures	39.9	50.7	53.1
Gas sales (BCF)	128	128	145
Gas transportation (BCF)	178	136	116
Total volume (BCF)	306	264	261
Number of customers	796,621	779,630	740,354

SALES

Sales in 1995 declined by $2.0 million compared to 1994. Several factors significantly affected sales in 1995 compared to 1994. Lower gas prices and customers switching to transportation services decreased sales by approximately $33.8 million. This was offset by favorable weather, a full year of operations at the Kansas gas property acquired in September 1994 and the Missouri pipeline system acquired in January 1995, and additional customers throughout the service territories. Sales in 1994 compared to 1993 were lower by $67.5 million or 10% due to unfavorable weather, lower gas prices and customer switching to transportation services. Customer switching does not effect net income.

COST OF SALES

The cost of sales changes generally with sales, since all of the company's gas operations contain gas cost adjustment mechanisms that pass through gas cost changes periodically to customers.

EXPENSES

Operating expenses increased $15.9 million or 14% in 1995 compared to 1994. This is primarily due to additional sales and repositioning and reshaping costs discussed in the electric expenses section on page 20. In addition the 1995 expenses reflect the full year activities of the Kansas gas system and Missouri pipeline acquisitions. Taxes and depreciation increased in 1995 over 1994 primarily due to the addition of acquired assets and capital improvements. Expenses in 1994 were about the same as in 1993.

CAPITAL EXPENDITURES

The capital budget for the next five years is shown below.

	DISTRIBUTION	OTHER	TOTAL
	IN MILLIONS		
1996	$ 42.6	$ 18.5	$ 61.1
1997	42.4	6.6	49.0
1998	41.0	5.3	46.3
1999	40.2	5.3	45.5
2000	36.5	4.2	40.7

ENVIRONMENTAL MATTERS

The company owns or once operated 29 former manufactured gas plants which may or may not require some form of environmental remediation. These are discussed in Note 14 to the Consolidated Financial Statements.

COMPETITION AND OUTLOOK

The competitive forces affecting the company's electric operations are also affecting the company's gas operations. In addition, as competing electric utilities reduce costs it becomes more difficult to obtain new customers through fuel switching opportunities and in certain cases may result in customer losses. The Federal Energy Regulatory Commission (FERC) Order 636 shifted gas supply responsibilities from traditional pipeline company sources to distribution utilities and allows customers to bypass the company's system by directly connecting to a transportation pipeline.

The company has addressed increased competition and industry changes in several ways. First, its natural gas is priced competitively in our respective service territories relative to alternative energy sources. Second, the company established in 1993 a central gas procurement function designed, among other reasons, to take advantage of opportunities created by FERC Order 636. Besides offering low cost natural gas, the company offers its customers a wide range of energy solutions to meet customer demands and in some ways raise the standard for its potential competitors.

ENERGY RELATED BUSINESSES

The energy related businesses segment consists solely of the consolidated operations of the company's Aquila Energy subsidiary, including 82%-owned Aquila Gas Pipeline (AGP). Aquila provides natural gas risk management services and is involved in the gathering, processing and marketing of natural gas and the sale of natural gas liquids. Its Aquila Power subsidiary began operations to market wholesale electricity in 1995.

THREE-YEAR REVIEW -- ENERGY RELATED BUSINESS	YEAR ENDED DECEMBER 31, 1995	1994	1993
	DOLLARS IN MILLIONS		
Sales:			
Gas marketing (a)	$ 835.7	$ 613.2	$ 949.3
Gas sales, transmission and processing	284.7	245.7	267.9
Gas and oil production	50.6	76.9	74.8
Total sales	1,171.0	935.8	1,292.0
Cost of sales:			
Cost of gas marketing	774.8	596.8	953.4
Cost of gas transmission and processing	193.8	166.6	177.1
Total cost of sales	968.6	763.4	1,130.5
Gross profit	202.4	172.4	161.5
Expenses:			
Operating and maintenance	71.2	69.4	63.8
Depreciation, depletion and amortization	49.6	59.6	60.8
Provision for asset impairments	13.2	--	--
Restructuring charge (b)	--	--	69.8
Total expenses	134.0	129.0	194.4
Income (loss) from operations, before minority interests	$ 68.4	$ 43.4	$ (32.9)
Gain on sale of subsidiary stock	$ --	$ --	$ 47.8
Net income	24.0	9.3	10.7
Identifiable assets	873.1	717.1	604.2
Capital expenditures and investments	144.0	113.6	94.5
Marketing volumes (million cubic feet per day)	1,427	1,002	1,381
Natural gas throughput (million cubic feet per day)	507	372	329
Natural gas liquids produced (thousand barrels per day)	32	31	31
Pipelines operated (miles)	3,311	2,718	2,531
Proven reserves (billion cubic feet)(c)	--	162	119
Production volumes (billion cubic feet)(c)	17	27	30

(a) Prior years have been reclassified to conform to the 1995 presentation. Sales were previously reported net of gas cost.

(b) Includes write-off of $3.7 million related to certain assets owned by the company on behalf of Aquila.

(c) Includes barrels of oil expressed as gas equivalent, assuming 6,000 cubic feet of gas per barrel of oil.

SEGMENT HIGHLIGHTS

For the years ended December 31, 1995, 1994 and 1993, Aquila reported net income of $24.0 million, $9.3 million and $10.7 million, respectively. Net income in 1995 as compared to 1994 and 1993 was 158% and 124% higher. The increase in 1995 reflects significant increases in operating results, favorable impact of a change in accounting principle and a provision for asset impairments. Significant items affecting the comparability of Aquila's financial results are described below.

CHANGE IN ACCOUNTING PRINCIPLE. Effective January 1, 1995, the company changed its method of accounting for its domestic natural gas trading activities to the mark-to-market method. Under this method, changes in the fair value of Aquila's physical and financial transactions are reflected currently in the Consolidated Financial Statements. Aquila's prior method recognized gains and losses when the underlying physical commodity was sold or produced. The accounting change increased Aquila's 1995 sales and income from operations by $29.8 million and net income by $18.3 million. The cumulative effect on periods prior to 1995 was not material.

PROVISION FOR ASSET IMPAIRMENTS. In 1995, AGP completed a review of the carrying value of its assets, including the adoption of Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121), and recorded a non-cash, pretax charge of $13.2 million.

SALE OF ASSETS. In September 1995, Aquila sold all of its oil and gas production assets and reserves for approximately $205 million. Oil and gas production activities had a loss of $5.0 million in 1995.

RESTRUCTURING AND SETTLEMENTS. In 1993, Aquila implemented a new business strategy and recorded a $69.8 million restructuring charge against income for the disposal of certain natural gas contracts, impairment of offshore assets and other restructuring costs. In 1995 and 1994 Aquila's income from operations was favorably affected by $5.0 million and $5.4 million related to settling certain loss contracts more favorably than originally anticipated in 1993 when the contracts were included in the restructuring charge.

In 1993, AGP completed an initial public offering and sale of 5.4 million shares of its common stock, resulting in a tax-free gain of $47.8 million.

REVIEW OF OPERATIONS

Sales and cost of sales increased $235.2 million and $205.2 million, respectively, in 1995 compared to 1994 due to a 39% increase in marketing volumes and a 34% increase in gas pipeline throughput. Gas marketing volumes increased due to the acquisition in January 1995 of Tristar Gas Company, which had volumes of approximately 42 million cubic feet per day in 1995. Gas marketing volumes also increased due to further implementation of a new strategy developed in 1994. Sales from net trading activities added $29.8 million to sales and income from operations in 1995. See Price Risk Management section on page 32 for further discussion. Gas marketing sales decreased in 1994 compared to 1993 primarily due to a strategic change at Aquila that was the result of and followed the restructuring charge in 1993. Gas throughput volumes increased in 1995 due to expanded drilling in AGP's gathering region. In 1995 AGP constructed a new pipeline to increase volumes that can be processed from its gathering system. Sales and cost of sales are directly affected by the price of natural gas and natural gas liquids.

Sales from oil and gas production activities decreased primarily due to the sale of all production assets, which also lowered depreciation, depletion and amortization expense in 1995. The sale resulted in no gain or loss for financial reporting purposes.

OUTLOOK

The company has adopted a plan to provide both natural gas and electric power commodity services to its wholesale customers from an integrated wholesale marketing staff. This will allow the company to fully meet the needs of customers who will have an ever-increasing portfolio of energy options from which to choose in the future. A number of recent mergers and consolidations of entities in the natural gas marketing industry have increased the focus on controlling marketing share on a volumetric basis. The company expects the gas marketing industry to consolidate into a few mega-marketing companies. Electric power marketing will be impacted by the regulatory environment of the industry. It is currently unclear as to when the various regulatory agencies will open access to all power customers, including retail users. These regulatory decisions may have a significant impact on the future economics of the power marketing sector.

The gas processing and gathering business will be influenced by natural gas and oil commodity prices and the drilling activity surrounding its major pipeline asset in Southeast Texas. Continued exploration success in this area by oil and gas companies will bolster this unit's future. Many pipeline acquisition opportunities also exist in this operational area.

OTHER BUSINESSES AND EQUITY INVESTMENTS

UTILCO GROUP

The table below summarizes selected financial and operating data of the UtilCo Group subsidiary.

	1995	1994	1993
	DOLLARS IN MILLIONS		
Equity in earnings (a)	$ 21.9	$ 19.2	$ 15.0
Net income (loss)(b)	(.2)	6.4	3.2
Equity investment	170.3	122.8	100.2
Share of project assets	535.3	379.8	363.1
Share of project liabilities	394.3	291.8	282.9
Aggregate capacity (megawatts)	873	792	732
Operating projects	16	15	15
Projects under construction	1	1	--

(a) Includes both the company and UtilCo Group's ownership interest in a power project.

(b) Includes a $15.4 million non-cash charge against income for an impairment of a project investment.

UtilCo Group had a net loss of $.2 million in 1995 after recording a pretax $15.4 million non-cash charge relating to an impairment of a project. UtilCo Group reported net income of $6.4 million in 1994 and $3.2 million in 1993. Equity in earnings from partnerships increased $2.7 million or 14%. The increase was due primarily to earnings from a project acquired in May 1995, offset by an unplanned curtailment of a project due to availability of excess hydro power in the region. The increase in 1994 net income compared to 1993 is due to increased sales at two projects that operated near capacity. Net income in 1993 was reduced due to the increase in the corporate tax rate.

UtilCo Group has equity ownership interests in 17 independent power projects, 16 of which are in commercial operation. In May 1995, the company and UtilCo Group purchased a 50% ownership interest in an 81 MW chemical recovery and cogeneration facility at the James River Corporation's Naheola pulp and paper mill in Pennington, Alabama. The plant, which began operations in 1993, suppplies the Naheola mill with all its black liquor solids processing, steam and compressed air needs, as well as approximately 60% of the mill's electricity needs. In October 1994, UtilCo Group agreed to acquire an equity interest in a 60-megawatt electric generating project now being built in Kingston, Jamaica. It is scheduled to begin commercial operation in 1996. The $138 million facility will sell its electric capacity and output to Jamaica Public Service Company under a 20-year contract. The company will hold a 22 percent interest in the project and expects to contribute approximately $11.6 million in equity.

In October 1995, UtilCo Group entered into a joint venture agreement with Air Products and Chemicals, Inc. to develop, own, and operate generation projects. The projects will consist of gas-fired combustion turbine applications throughout the Midwest.

Consistent with UtiliCorp's strategy of spreading risks, UtilCo Group has invested in generating projects located in seven states and one foreign country. Each project uses traditional fuels and proven technologies, and is a competitive, low-cost producer of wholesale power. The projects sell their electric output under long-term contracts with terms ranging from 15 to 40 years.

INTERNATIONAL EQUITY INVESTMENTS

AUSTRALIA

On September 6, 1995, Power Partnership Limited (PPL), of which the company owns 49.9%, acquired United Energy Limited (UE), an Australian electric distribution utility, from the State of Victoria for approximately $1.15 billion. The company's ownership interest cost approximately $257.9 million and was financed primarily with Australian denominated bank debt through a consortium of banks. UtiliCorp Australia Holdings Limited (UAHL), a wholly-owned subsidiary of the company, manages UE on behalf of PPL. In 1995 the company's Australian investments contributed $2.9 million to the company's net income.

NEW ZEALAND

On November 30, 1995, UtiliCorp N.Z. Inc. (UNZ), a 79%-owned subsidiary, completed a transaction that resulted in UNZ owning approximately 27.5% of Power New Zealand Limited (PNZ). PNZ is an electric utility distribution company that provides service to approximately 214,000 customers. Prior to this transaction, UNZ owned approximately 7.5% of PNZ.

In late February 1995, UNZ paid $16.1 million to WEL Energy Group Limited (WEL) to satisfy its capital commitment to WEL. UNZ now participates in WEL's earnings to the full extent of its ownership. Before paying the final capital commitment, UNZ's participation in WEL's earnings was limited to 5%. UNZ held 39% of WEL at the end of 1995. WEL is an electric distribution utility serving approximately 65,000 customers.

The company's New Zealand investments contributed $.7 million to 1995 consolidated net income. For 1994 and 1993 the results from New Zealand were not material.

UNITED KINGDOM

Net income (loss) from the United Kingdom businesses for the three-year period ended December 31, 1995 were $(2.5) million, $2.4 million and $.5 million, respectively. The company has several business ventures in the United Kingdom that market natural gas to wholesale and industrial customers. United Gas Limited (UGL) is the company's primary subsidiary. At the end of 1995, UGL had approximately 27,000 gas marketing customers.

In addition to UGL, the company has five gas marketing joint ventures (collectively referred to as Regional Gas Companies or RGCs) in which it is a 25% equity partner. The decline in 1995 results compared to 1994 is primarily due to the decline in spot market prices and its effects on margins at the RGCs and certain commitments the company or subsidiaries have with its partners. In the fourth quarter 1995, the company reserved $11.0 million (pretax) for probable funding requirements the company expects to make to support its investments in RGCs and recognized $1.6 million as its share of RGC net losses. Results in 1995 were favorably affected by a gain on the sale of one of its RGC investments and by a favorable gas settlement. See Note 14 for further discussion on financial commitments.

OTHER

NOVELL PARTNERSHIP

On September 13, 1995, the company and Novell, Inc. (Novell) announced a partnership to jointly develop certain technologies and products to better manage energy consumption in home and business environments. Under the terms of this alliance the company and Novell will co-develop, co-own and jointly market applications that allow customers to optimize their use of energy on a 24-hour, real-time basis. In October an initial cash payment was made by the company to Novell for related license rights. The two companies also announced the founding of the Smart Energy Network Alliance, an open industry consortium that will provide leadership in defining the standards for future energy programs, network management and other smart energy network solutions.

LIQUIDITY AND CAPITAL RESOURCES

The company's cash requirements arise primarily from its growth strategy, electric and gas utility construction programs and non-regulated investment opportunities. UtiliCorp's ability to attract the necessary financial capital at reasonable terms is critical to the company's overall plan. Acquisitions and investments have been initially financed with short-term debt and later permanently funded with various long-term debt securities or common equity, depending on market conditions.

OPERATING CASH FLOWS

Cash flows from operating activities were $261.2 million, $229.3 million and $289.3 million for the three-year period ended December 31, 1995, respectively. Cash flow from operating activities increased $31.9 million between 1995 and 1994. This increase was primarily due to a net favorable increase in working capital and other changes in assets and liabilities. Working capital accounts were significantly affected by volume increases and higher natural gas prices compared to the prior year. Taken together, accounts receivable including accrued revenues less accounts payable reduced working capital by $73.5 million, primarily due to cash being used to pay energy cost related obligations before cash is collected from customers. Partially offsetting this use of cash was increased net borrowings from the company's accounts receivable financing program which provided $50.8 million of additional operating cash flow. The change to the mark-to-market method of accounting for certain financial instruments (more fully explained on page 32) and the provision for asset impairments did not affect cash flows.

Cash flow from operating activities decreased $60.0 million between 1994 and 1993 due to unfavorable changes in working capital. As discussed above, operating cash flows are affected by the timing of cash payments and accounts receivable collections.

INVESTING CASH FLOWS

Over the past three years, cash used (provided) by the company's investing activities was as follows:

	1995	1994	1993
	IN MILLIONS		
Electric capital expenditures	$ 69.5	$ 81.3	$ 87.4
Gas capital expenditures	39.9	50.7	53.1
Acquired businesses:			
Nebraska gas system	--	--	99.0
Kansas gas system	--	22.1	--
Missouri pipeline system	78.0	--	--
Australia electric utility	257.9	--	--
New Zealand electric utilities	121.4	--	--
Other acquisitions	22.9	6.1	
Oil and gas reserve development and purchases	39.3	80.4	39.1
Gas transmission and processing additions	104.7	33.2	55.4
Independent power projects	59.0	22.2	28.8
Sale of oil and gas properties	(204.5)	--	--
Sale of subsidiary stock	--	--	(74.6)
Other	46.8	50.3	6.5
Net cash invested	$ 634.9	$ 346.3	$ 294.7

CAPITAL EXPENDITURES

The company's utility expenditures are primarily made to extend service to new customers, upgrade existing distribution systems and pipe and make periodic improvements to generation assets. Gas transmission and processing additions consists of expenditures from AGP. The increase in 1995 compared to 1994 and 1993 is primarily due to construction in mid-1995 of a 30-inch pipeline to connect AGP's gathering system to a processing plant.

BUSINESS ACQUISITIONS

In May 1995, the company and UtilCo Group paid $59 million to acquire a 50% ownership interest in a partnership that owns and operates a chemical recovery and cogeneration facility in Alabama. This is the company's largest single investment in an independent power project to date. The facility sells its electric output to a pulp and paper mill.

In January 1995, the company completed its acquisition of a 218-mile intrastate gas pipeline and gas distribution system for $78.0 million. These businesses now operate as UtiliCorp Pipeline Systems, Inc. (UPL), a wholly-owned subsidiary of the company. UPL had sales of $14.3 million in 1995.

In January 1995, the company acquired Broad Street Oil & Gas Company, a gas marketing company based in Ohio, and AGP acquired Tristar Gas Company, a Texas gas processing, gathering and marketing firm. Broad Street Oil & Gas concentrates on marketing natural gas to small to medium size commercial businesses through a network of contract sales representatives. Tristar Gas Company sold approximately 156 million cubic feet per day of natural gas in 1995. Tristar focuses its marketing efforts on Texas intrastate natural gas markets.

In September 1994, the company spent $22.1 million cash to acquire Kansas gas distribution and selected transmission assets from NorAm Energy Corp. The Kansas system serves about 22,000 customers in Wichita and surrounding communities. In February 1993, the company spent $99.0 million cash to acquire NorAm's Nebraska gas distribution system serving approximately 124,000 customers in 63 eastern Nebraska communities.

See page 27 for discussion of the company's international investments in Australia and New Zealand and page 25 for disposition of oil and gas properties.

The company's operating cash flow provided approximately 41%, 66% and 98% of the needed funds for the three years ended December 31, 1995, applying operating cash flows to investing activities first. Additional cash needs are derived from various financing activities discussed below.

FINANCING CASH FLOWS

Cash inflow (outflow) related to financing activities of the company over the last three years is presented in the table below.

	1995	1994	1993
		IN MILLIONS	
COMMON STOCK ISSUES:			
Various stock ownership and option plans	$ 29.5	$ 2.8	$ 34.1
Issue--5.2 million shares	--	--	144.7
Dividends	(80.0)	(77.6)	(74.4)
Treasury Stock	6.6	(6.6)	--
SENIOR NOTE ISSUES:			
8.45% Series	--	99.5	--
6.0% Series	--	--	63.5
8.0% Series	--	--	123.3
6.875% Series	99.3	--	--
9.3% Series (retirement)	(125.0)	--	--
Monthly income securities	100.0	--	--
Mortgage bonds, Series 1	--	--	(63.5)
Australian denominated debt	222.8	--	--
New Zealand denominated debt	63.6	--	--
8.8% secured debentures	--	--	18.8
Net change in short-term debt	106.2	112.4	(160.9)
Other long-term debt activities, net	(5.8)	4.6	(24.5)
Preference stock	--	(6.8)	(9.0)
Net cash from financing activities	$ 417.2	$ 128.3	$ 52.1

To supplement the company's internally generated cash flows, the company has various short-term credit programs. A primary source of cash has been bank borrowing from uncommitted bank lines. In addition, the company can issue commercial paper aggregating $150 million. To support the commercial paper program, the company has a $250 million committed revolving credit agreement with a consortium of banks. The credit agreement expires in December 2000 and allows the issuance of notes that bear interest at rates based on the prime rate or various money market rates.

The company also has two accounts receivable sale programs. The level of funding available from these programs varies depending on the level of eligible accounts receivable, which fluctuates seasonally. Under these programs, the company may borrow another $37 million.

On December 8, 1995, the company obtained an extended grace period for a long-term debt to capitalization ratio covenant from its creditor on its 9.21% senior notes. The grace period extends to June 30, 1996. The company classified this debt as long-term as management believes it is probable that the company will meet the covenant ratio by June 30, 1996 and for foreseeable future periods.

FUTURE CASH REQUIREMENTS

Future cash requirements include utility plant additions, dividends, and required redemptions of long-term securities and acquisition opportunities.

The company's estimated required funds for capital expenditures and maturing long-term debts are shown below for the next five years.

	1996	1997	1998	1999	2000
			IN MILLIONS		
Electric	$ 114.1	$ 142.0	$ 91.9	$ 84.6	$ 79.3
Gas	61.1	49.0	46.3	45.5	40.7
Energy related	54.6	35.6	39.5	34.2	35.9
Corporate and other	42.1	27.7	9.1	2.5	2.4
Maturing long-term debt	15.1	25.8	147.7	165.9	270.1
Total	$ 287.0	$ 280.1	$ 334.5	$ 332.7	$ 428.4

See the sections of this report on electric operations, gas operations and energy related businesses for further details on capital expenditures.

The amounts shown for corporate are primarily the estimated investment in software related projects. The company is in the process of developing new integrated financial management, materials management and customer information systems. These are designed to meet its expanding informational needs as it implements the Energy One-SM- strategy.

PENDING MERGER WITH KANSAS CITY POWER & LIGHT COMPANY (KCPL)

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

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

The Transaction will create a diversified energy company with total combined sales 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 non-utility enterprises including independent power projects, and gas marketing, gathering and processing operations.

The Transaction is subject to approval from each company's shareholders and a number of regulatory authorities. The regulatory approvals process is expected to take about 12 to 18 months. The Merger Agreement includes termination provisions which may require certain payments to the 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 certains business combination transactions.

PRICE RISK MANAGEMENT

Effective January 1, 1995, the company adopted the mark-to-market method of accounting (MTM) for its non-price regulated gas trading business. Under MTM, natural gas forwards, futures, swaps, options and other financial instruments are recorded at fair value, net of future servicing costs and reserves, and recognized as revenue upon contract execution in the Consolidated Statements of Income. The resulting unrealized gains and losses are recorded as Price Risk Management Assets and Liabilities in the accompanying Consolidated Balance Sheets. The change to MTM resulted in an increase in pretax income of $29.8 million ($18.3 million after tax) for the year ended December 31, 1995 as compared to the results under the previous accounting method. The company previously accounted for this activity by the accrual method of accounting. The company has not shown the pro forma effect of the adoption of MTM on prior periods since the cumulative impact on prior period earnings was immaterial.

The impact in the current year primarily results from the effect of certain contractual sales commitments which had been designated as hedges of a portion of the company's natural gas reserves. As discussed in Note 4, the company sold its oil and gas reserves in September 1995. The resulting open position of the commitments created a change in the price risk management assets and liabilities.

Current period changes in the assets and liabilities from risk management activities are recognized as revenues in the Consolidated Statements of Income. The changes in the assets and liabilities primarily result from newly originated transactions, changes in the price of natural gas, the timing of settlements related to these contracts and changes in the various risk reserves. The market prices used to value these transactions reflect management's best estimate of market prices considering various factors, including closing exchange and over-the-counter quotations. The reserves are established for a number of risks and costs associated with the company's future commitments, including the credit risks of its counterparties, the time value of money, the impact of liquidating the portfolio in an orderly manner over a reasonable period of time under present market conditions, and other identifiable contingencies.

The company generally attempts to balance its fixed-price physical and financial purchase and sales contracts both volumetrically and in terms of future timing of the commitments. However, net open positions often exist or are established due to the origination of new transactions and the company's assessment, based upon information gained from its gas marketing activities, of future price movements. As a result, the company is to some extent affected by fluctuating market prices. At December 31, 1995, a price movement of $.10 per MCF for natural gas would have impacted income from operations by approximately $1.7 million.

The change in accounting method does not impact the company's gas marketing activities in the U.K. or its financial instruments associated with its natural gas liquids hedging or electricity brokering. The company enters into futures, forwards, swaps and options in order to hedge purchase and sales commitments, inventories and anticipated production of these products. Changes in the market value of such transactions are deferred until the gain or loss is recognized on the hedged commitment.

INCOME TAXES

The level of income tax expense during the three-year period fluctuated generally with the level of pretax accounting income, except for 1993. The effective tax rate in 1993 was significantly affected by the non-taxable gain on the sale of subsidiary stock and the passage of the Budget Reconciliation Act of 1993 (the Act.)

As a result of the Act, the company made a retroactive adjustment to reflect the increase in the corporate tax rate from 34% to 35%, effective January 1, 1993. The rise in the tax rate increased 1993 income tax expense approximately $4.0 million, or $.10 per average common share. Deferred income tax liabilities from regulated operations were also increased. However, because it is anticipated these additional taxes would be recovered through rates, a regulatory asset was established and included in deferred charges in the accompanying balance sheet. See Note 12 to the Consolidated Financial Statements for further discussion.

The company has available approximately $88 million of alternative minimum tax (AMT) credits. AMT credits have an indefinite life.

NEW ACCOUNTING STANDARD

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-based Compensation" (SFAS 123). SFAS 123 requires companies to either record or disclose pro forma information on the fair value of certain stock-based programs including stock options and employee stock purchase plans. The company currently provides stock options to certain employees and has an employee stock purchase program whereby employees may purchase company common stock at a 15% discount. Under SFAS 123, these plans will require either the recording of compensation expense or pro forma disclosures of net income and earnings per share had the company elected to record compensation expense. The company has not yet evaluated the accounting and reporting implications of SFAS 123 and does not have an estimate of additional compensation expense associated with affected plans. SFAS 123 is required to be adopted in fiscal years beginning after December 15, 1995.

EFFECTS OF INFLATION

In the next few years, the company anticipates that the level of inflation, if moderate, will not have a significant effect on operations or acquisition activity.

FORWARD-LOOKING INFORMATION

This report contains forward-looking information. Such statements involve risks and uncertainties and there are certain important factors that could cause actual results to differ materially from those anticipated. Some of the important factors which could cause actual results to differ materially from those anticipated include, but are not limited to, future national and regional economic and competition conditions, inflation rates, regulatory changes, weather conditions, financial market conditions, interest rates, future business decisions, and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	IN MILLIONS, EXCEPT PER SHARE		
Sales	$ 2,798.5	$ 2,398.1	$ 2,746.1
Cost of sales	1,881.8	1,575.8	1,960.6
Gross profit	916.7	822.3	785.5
Operating, administrative and maintenance expense	511.6	448.8	430.9
Depreciation, depletion and amortization	145.4	145.5	140.8
Provision for asset impairments	34.6	--	--
Restructuring charge	--	--	69.8
Income from operations	225.1	228.0	144.0
Interest expense -- long-term debt	110.2	89.5	89.0
Interest expense -- short-term debt and other interest, net	3.2	6.9	1.5
Equity in earnings of investments and partnerships	(23.8)	(18.3)	(16.4)
Gain on sale of subsidiary stock	--	--	(47.8)
Minority interests	3.7	3.4	1.3
Earnings before income taxes	131.8	146.5	116.4
Income taxes	52.0	52.1	30.0
Net income	79.8	94.4	86.4
Preference dividends	2.1	3.0	6.9
Earnings Available for Common Shares	$ 77.7	$ 91.4	$ 79.5
Weighted Average Common Shares Outstanding:			
Primary	45.08	43.97	40.74
Fully diluted	45.47	45.18	44.27
Earnings Per Common Share:			
Primary	$ 1.72	$ 2.08	$ 1.95
Fully diluted	1.71	2.06	1.92

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

ASSETS

	DECEMBER 31, 1995	1994	1993
	DOLLARS IN MILLIONS		
Current Assets:			
Cash and cash equivalents	$ 110.7	$ 67.2	$ 55.9
Funds on deposit	41.2	44.8	14.4
Accounts receivable, net	332.2	215.6	234.6
Inventories and supplies, at average cost	112.5	134.3	101.8
Price risk management assets	26.4	--	--
Prepayments and other	53.0	51.9	31.4
Total current assets	676.0	513.8	438.1
Property, plant and equipment, net	2,279.6	2,266.4	2,159.1
Investments in subsidiaries and partnerships	574.4	148.5	102.7
Price risk management assets	175.5	--	--
Deferred charges	180.4	182.4	150.6
Total Assets	$ 3,885.9	$ 3,111.1	$ 2,850.5

LIABILITIES AND SHAREOWNERS' EQUITY

	1995	1994	1993
Current Liabilities:			
Current maturities of long-term debt	$ 15.1	$ 138.8	$ 1.8
Short-term debt	288.6	182.4	70.0
Accounts payable	434.3	340.3	392.5
Accrued liabilities	34.8	43.1	48.4
Price risk management liabilities	67.9	--	--
Other	107.1	89.0	52.1
Total current liabilities	947.8	793.6	564.8
Long-term liabilities:			
Long-term debt, net	1,355.4	976.9	1,009.7
Deferred income taxes and credits	279.2	300.4	235.0
Price risk management liabilities	94.6	--	--
Other deferred credits	137.2	108.0	105.4
Total long-term liabilities	1,866.4	1,385.3	1,350.1
Company-obligated mandatorily redeemable preferred securities of partnership	100.0	--	--
Preferred and preference stock	25.4	25.4	83.9
Common shareowners' equity	946.3	906.8	851.7
Commitments and contingencies			
Total Liabilities and Shareowners' Equity	$ 3,885.9	$ 3,111.1	$ 2,850.5

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF PREFERRED AND PREFERENCE STOCK

	DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS, EXCEPT PER SHARE		
Preference Stock, not mandatorily redeemable:			
$2.05 series, 1,000,000 shares	$ 25.0	$ 25.0	$ 25.0
Preference Stock, convertible and mandatorily redeemable:			
$1.775 series (2,885,000 shares outstanding at December 31, 1993)	--	--	58.5
Preferred Stock of Subsidiary, retractable	.4	.4	.4
Total Preferred and Preference Stock	$ 25.4	$ 25.4	$ 83.9

CONSOLIDATED STATEMENTS OF COMMON SHAREOWNERS' EQUITY

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS, EXCEPT PER SHARE		
Common Stock: authorized 100,000,000 shares, par value $1 per share, 45,965,952 shares outstanding (44,827,135 at December 31, 1994 and 42,021,160 at December 31, 1993)			
Balance beginning of year	$ 44.8	$ 42.0	$ 35.4
Issuance of common stock	1.2	2.8	6.6
Balance end of year	46.0	44.8	42.0
Premium on Capital stock:			
Balance beginning of year	774.2	722.4	545.7
Issuance of common stock	26.4	51.8	177.1
Other	--	--	(.4)
Balance end of year	800.6	774.2	722.4
Retained Earnings:			
Balance beginning of year	107.0	93.4	81.5
Net income	79.8	94.4	86.4
Dividends on preference stock	(2.1)	(3.0)	(6.9)
Dividends on common stock -- $1.72 per share in 1995, $1.70 in 1994, and $1.62 in 1993	(77.9)	(74.6)	(67.1)
Reissuance of common stock	(.6)	(3.2)	(.5)
Balance end of year	106.2	107.0	93.4
Treasury stock, at cost (227,587 shares at December 31, 1994)	--	(6.6)	--
Currency Translation Adjustment	(6.5)	(12.6)	(6.1)
Total Common Shareowners' Equity	$ 946.3	$ 906.8	$ 851.7

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Cash Flows From Operating Activities:			
Net income	$ 79.8	$ 94.4	$ 86.4
Adjustments to reconcile net income to net cash provided:			
Depreciation, depletion and amortization	155.6	147.1	146.0
Gain on sale of subsidiary stock	--	--	(47.8)
Restructuring charge	--	--	69.8
Provision for asset impairments	34.6	--	--
Net changes in price risk management assets and liabilities	(39.4)	--	--
Deferred taxes and investment tax credits	(21.2)	65.4	(14.8)
Equity in earnings from investments and partnerships	(23.8)	(18.3)	(16.4)
Dividends from investments and partnerships	18.6	13.7	16.4
Changes in certain current assets and liabilities, net of effects of acquisitions and restructuring --			
Accounts receivable and accrued revenues	(167.4)	40.6	46.8
Accounts receivable sold	50.8	(21.5)	(10.9)
Fuel and materials	21.9	(32.6)	(7.6)
Accounts payable	93.9	(52.2)	13.9
Accrued taxes	(6.7)	(7.3)	10.0
Other	29.7	18.4	11.4
Changes in other assets and liabilities, net	34.8	(18.4)	(13.9)
Cash provided from operating activities	261.2	229.3	289.3
Cash Flows From Investing Activities:			
Additions to utility plant	(109.4)	(132.0)	(140.5)
Purchase of utility and other businesses	(100.9)	(28.2)	(99.0)
Investments in international businesses	(379.3)	--	--
Sale of subsidiary stock	--	--	74.6
Investments in non-regulated generating assets	(59.0)	(22.2)	(28.8)
Proceeds on sale of oil and gas properties	204.5	--	--
Investments in energy related properties	(144.0)	(113.6)	(94.5)
Other	(46.8)	(50.3)	(6.5)
Cash used for investing activities	(634.9)	(346.3)	(294.7)
Cash Flows From Financing Activities:			
Issuance of common stock	29.5	2.8	178.8
Issuance of company-obligated mandatorily redeemable preferred securities of partnership	100.0	--	--
Retirements of preference stock	--	(6.8)	(9.0)
Treasury stock sold (acquired)	6.6	(6.6)	--
Issuance of long-term debt, net of premium paid	415.2	104.1	217.4
Retirement of long-term debt	(160.3)	--	(99.8)
Short-term borrowings (repayments), net	106.2	112.4	(160.9)
Cash dividends paid	(80.0)	(77.6)	(74.4)
Cash provided from financing activities	417.2	128.3	52.1
Increase in cash and cash equivalents	43.5	11.3	46.7
Cash and cash equivalents at beginning of year	67.2	55.9	9.2
Cash and Cash Equivalents at End of Year	$ 110.7	$ 67.2	$ 55.9

See accompanying notes to consolidated financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of UtiliCorp United Inc. (the company, a Delaware corporation) include all operating divisions and all majority-owned subsidiaries. The company's principal lines of business are electric and gas utility operations, gas marketing, gas processing and independent power generation. The North American utility businesses operate in eight states and one province of Canada. Natural gas is marketed in 45 states and the company's gas processing operations are in Texas and Oklahoma. In addition to U.S. and Canadian businesses, the company has various investments in Australia, the United Kingdom, New Zealand and Jamaica. All significant intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The company's accounting policies conform to generally accepted accounting principles which, in the case of the company's utility operations, consider the impact of rate regulation.

MINORITY INTERESTS. Minority interests represent the minority stockholders' proportionate share of the stockholders' equity and net income, primarily Aquila Gas Pipeline Corporation (AGP). The company also owns majority interest in a gas marketing company in the United Kingdom and in a company that invests in New Zealand electric utilities.

REGULATION. The company's utility operations are subject to regulation by various regulatory authorities. The company currently applies accounting standards that recognize the economic effects of rate regulation and, accordingly, has recorded regulatory assets related to the company's energy generation, transmission and distribution operations. The table below presents the amount of regulatory assets recorded at December 31, 1995, 1994 and 1993, respectively.

	1995	1994	1993
	DOLLARS IN MILLIONS		
Income taxes	$ 53.7	$ 72.3	$ 66.2
Environmental liabilities	10.4	10.9	9.3
Debt related costs	23.8	21.9	24.0
Regulatory accounting orders	7.8	8.3	8.8
Demand side management programs	8.6	5.0	3.3
Post-retirement benefits	8.5	7.9	5.4
Purchased gas and related costs	3.3	4.2	5.8
Other (including FERC Order No. 636)	30.3	31.6	14.8
Total	$ 146.4	$ 162.1	$ 137.6

UTILITY PLANT AND DEPRECIATION. Utility plant is stated at original cost. Repair and maintenance costs are expensed as incurred. When property is replaced, removed or abandoned, its cost, together with the costs of removal less salvage, is charged to accumulated depreciation.

For financial statement purposes, depreciation is provided on a straight-line basis over the estimated lives of depreciable property by applying composite average annual rates, ranging from 3.0% to 4.6%, as approved by regulatory authorities.

The excess of total acquisition costs over the aggregate regulated value of net assets acquired to date is included in utility plant ($164.7 million, net of $32.0 million in accumulated amortization at December 31, 1995) and is being amortized on a straight-line basis over periods ranging from 15 to 40 years.

OIL AND GAS PROPERTIES. Oil and gas properties were accounted for using the full cost method. Under the full cost method, all costs associated with gas and oil property acquisition, exploration and development, including non-productive costs, were capitalized. See Note 4 for discussion of the sale of substantially all of the company's oil and gas production assets.

The provision for depreciation, depletion and amortization was determined using the units of production method over the estimated lives of the producing properties based on estimated quantities of proved reserves. Amortization per MCF equivalent averaged $1.27, $1.44 and $1.27 in 1995, 1994 and 1993, respectively. Gathering, processing and other energy related property is depreciated using a composite average annual rate of 5.0%.

SALES RECOGNITION, PURCHASED GAS ADJUSTMENTS AND ENERGY ADJUSTMENT CLAUSES. Sales are generally recognized when the products or services are delivered, except price risk management activities. See below for price risk management policy. Gas sales and the company's electric utility sales in Kansas and West Virginia are subject to adjustment clauses. Differences between amounts collected and allowable costs are recorded as over- or under-recovered gas costs and fuel and purchased power costs in accordance with the ratemaking policies of regulatory authorities.

Beginning with the 1995 annual financial statements, the company began to present gas marketing sales and cost of gas separately. Previously net margin was included in sales. The effect of this change is reflected in all periods presented. A comparison of previously reported amounts to 1995's presentation is presented below:

	1994	1993
	DOLLARS IN MILLIONS	
Total sales as previously reported	$ 1,514.6	$ 1,571.6
Aquila's gas marketing sales	596.8	953.4
Reclassification of businesses from other income, net to respective income statement captions	286.7	221.1
Total Sales	$ 2,398.1	$ 2,746.1

Effective January 1, 1995, the company adopted the mark-to-market method of accounting for its domestic natural gas trading activities, principally conducted by Aquila Energy Corporation, a wholly-owned subsidiary of the company. Under mark-to-market accounting, the company's domestic natural gas trading contracts, including both physical transactions and financial instruments, are recorded at fair value, net of future servicing costs and reserves, and recognized as sales or expense upon contract execution. Changes in the market value of this contract portfolio (resulting primarily from newly originated transactions and the impact of price movements) are recognized as gains or losses in the period of change. The resulting unrealized gains and losses are recorded as price risk management assets and liabilities.

The company's prior method recognized gains and losses when the underlying physical commodity was sold. The change was made to more fairly present the current results of the company's operations related to this business and to recognize that value is created and the earnings process is completed when the contractual commitments are finalized. The effect of this change was immaterial for prior periods and increased 1995 sales and income from operations by $29.8 million ($18.3 million after tax).

The impact in the current year primarily results from the effect of certain contractual sales commitments which had been designated as hedges of a portion of the company's natural gas reserves. As discussed in Note 4, the company sold its oil and gas reserves in September 1995. The resulting open position of the commitments created a change in the price risk management assets and liabilities.

ACCOUNTING FOR FINANCIAL INSTRUMENTS. As indicated above, the company accounts for financial instruments associated with its domestic natural gas trading activities using the mark-to-market method.

Activities for non-trading purposes consist of transactions entered into by the company's other businesses to hedge the impact of market fluctuations on assets, liabilities, or other contractual commitments. Changes in the market value of these transactions are deferred until the gain or loss on the hedged item is recognized.

INCOME TAXES. The company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined by applying tax regulations existing at the end of a reporting period to the cumulative temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred investment tax credits are amortized over the lives of the related properties. No provision is made for U.S. income taxes on undistributed earnings of the company's international businesses ($9.5 million at December 31, 1995) because it is management's intention to reinvest such earnings in those international operations. Consolidated income before income taxes for the years ended December 31, 1995, 1994 and 1993, included $11.2, $9.1 and $10.7 million, respectively, from international operations.

CASH EQUIVALENTS AND CASH FLOW INFORMATION. Cash equivalents are defined as temporary cash investments with a maturity of three months or less. As of December 31, 1995, 1994 and 1993, the company had cash of $77.5 million, $58.5 million and $52.2 million, respectively, held in foreign countries.

Cash payments for interest and taxes and supplemental disclosure relating to acquisition activities are presented below:

	1995	1994	1993
	DOLLARS IN MILLIONS		
Cash paid during the year for --			
Interest, net of amount capitalized	$ 135.4	$ 100.3	$ 94.5
Income taxes	46.9	11.4	24.5
Liabilities assumed in acquisitions --			
Fair value of assets acquired	$ 114.0	$ 35.9	$ 106.3
Cash paid for acquisitions	100.9	28.2	99.0
Liabilities assumed	13.1	7.7	7.3

EARNINGS PER COMMON SHARE. Primary earnings per common share are computed on the basis of the weighted average number of common shares outstanding.

Fully diluted earnings per common share assume conversion of convertible subordinated debentures and convertible preference stock for the periods they were outstanding and dilutive.

CONCENTRATION OF FOREIGN OPERATIONS AND CURRENCY TRANSLATION ADJUSTMENTS. As of December 31, 1995, 1994 and 1993, the company had 18.5%, 9.5% and 10.0%, respectively, of its assets denominated in foreign currencies. Management believes the economies in which its international businesses operate are stable. Changes in the value of these foreign currencies affect asset and liability value, and income and loss contributions.

The financial statements of foreign operations have been translated into U.S. dollars using the weighted average exchange rates for income statement items and year-end exchange rates for balance sheet items. The resulting translation adjustments increase or decrease common shareowners' equity.

RECLASSIFICATIONS. Certain prior year amounts in the consolidated financial statements have been reclassified where necessary to conform to the 1995 presentation.

NOTE 2: MERGER AND ACQUISITIONS

PROPOSED MERGER -- KANSAS CITY POWER & LIGHT COMPANY (KCPL)

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

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 the company and KCPL would be carried forward to the consolidated financial statements of KCU at their recorded amounts. The income of KCU would include the combined income of the company and KCPL as though the merger occurred at the beginning of the accounting period. Prior period financial statements would be combined and presented as KCU.

The Transaction will create a diversified energy company with total combined sales of over $3.5 billion, over $6.5 billion in total assets and 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 non-utility enterprises including independent power projects and gas marketing, gathering and processing operations.

The Transaction is subject to approval from each company's shareholders and a number of regulatory authorities. The regulatory approvals process is expected to take about 12 to 18 months. The Merger Agreement includes termination provisions which may require certain payments to the 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 certains business combination transactions.

INTEREST IN AUSTRALIAN ELECTRIC UTILITY

On September 6, 1995, Power Partnership Pty Limited (PPL), of which the company owns 49.9 %, acquired United Energy Limited (UE), an Australian electric distribution utility, from the State of Victoria. The company paid approximately $257.9 million for its 49.9 % ownership interest in PPL. The company manages the operations of UE on behalf of PPL and receives an annual management fee consisting of a base amount indexed to the consumer price index and a variable amount based on UE's financial performance. The management agreement extends for 10 years from date of acquisition.

The company financed its ownership interest primarily through two five-year Australian-dollar-based revolving credit facilities. See Note 10 for more information regarding financing arrangements and interest rate swaps used for risk management purposes.

The acquisition was recorded as a purchase and PPL's results are accounted for using the equity method of accounting. The purchase price was allocated based on estimated fair values at the date of the acquisition. The excess of purchase price over the fair value of assets was approximately $634 million including approximately $450 million related to a license fee, and is reflected as various intangible assets on PPL's financial records. The equity investment is included in Investments in Subsidiaries and Partnerships on the Consolidated Balance Sheet. See Note 8 for more information regarding year-end investment balance and equity in earnings. Pro forma unaudited results of operations for the company, assuming the acquisition occurred at the beginning of the period, are shown below. For the

1994 period, the pro forma results include UE's results for the 12 months ended June 30, 1995. UE began operations on July 1, 1994, and the 1995 amounts represent the most comparable figures for the pro forma table.

	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994
	IN MILLIONS, EXCEPT PER SHARE	
Sales	$ 2,798.5	$ 2,398.1
Income from operations	225.1	228.0
Net income	81.7	89.9
Earnings available for common shares	79.6	86.9
Primary earnings per share	$ 1.76	$ 1.98
Fully diluted earnings per share	1.75	1.96

INTEREST IN NEW ZEALAND ELECTRIC UTILITIES

On November 30, 1995, UtiliCorp N.Z., Inc. (UNZ), a subsidiary of the company, acquired 20.0% of the common stock of Power New Zealand Limited (PNZ), a New Zealand electric distribution utility, from Todd Corporation for approximately $69.4 million. This acquisition was financed through a New Zealand-dollar-denominated credit facility. PNZ is New Zealand's second largest electric distribution utility, serving approximately 214,000 customers. UNZ owned 7.5% of PNZ prior to completing the transaction with Todd Corporation and owned approximately 27.5% of PNZ as of December 31, 1995. Todd Corporation is a 21% shareholder in UNZ.

In February 1995, UNZ paid $16.1 million to WEL Energy Group Limited (WEL) to satisfy its capital commitment. UNZ now participates in WEL's earnings to the full extent of its ownership. Prior to the payment of the remaining capital commitment, UNZ's participation in WEL's earnings was limited to 5%. WEL is an electric distribution utility serving approximately 65,000 customers.

OTHER ACQUISITIONS

On May 22, 1995, the company and UtilCo Group, a wholly-owned subsidiary, acquired a 50% interest in an independent power project in Alabama for $59 million. The project sells its generation output to a paper processing plant.

On January 5, 1995, the company purchased a 218-mile intrastate natural gas pipeline system in Missouri from Edisto Resources Corporation for $78 million.

On January 17, 1995, the company acquired Broad Street Oil and Gas (Broad Street), a gas marketing company, for $7.0 million. Broad Street sells natural gas to approximately 10,000 commercial customers in nine states.

On January 17, 1995, AGP acquired Tristar Gas Company for $16.3 million in cash. Based in Texas, Tristar gathers, processes, and markets natural gas and natural gas liquids.

In September 1994, the company acquired the Kansas gas distribution and selected pipeline properties of NorAm Energy Corp. (NorAm) for $23.0 million. The Kansas system serves approximately 22,000 customers.

In February 1993, the company acquired a Nebraska gas distribution system from NorAm for $106 million, including $21 million in working capital. The Nebraska system serves approximately 124,000 customers.

NOTE 3: PRICE RISK MANAGEMENT

PRICE RISK MANAGEMENT ACTIVITIES. The company offers price risk management services primarily for the commodity of natural gas. These services are provided through a variety of financial instruments, including forward contracts which commit the company to purchase or sell natural gas in the future; swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between two prices for the commodity specified by the swap; futures and options contracts traded on the New York Mercantile Exchange (NYMEX); and other contractual arrangements.

The availablity and use of these types of contracts allow the company to manage and hedge its contractual commitments, reduce its exposure relative to the volatility of cash market prices, take advantage of selected arbitrage opportunities via open positions and protect its investment in storage inventories. The company is also able to secure additional sources of physical natural gas supply or create additional markets for existing supply through the use of exchange for physical (EFP) transactions allowed by NYMEX. The management of these types of transactions is referred to herein as price risk management activities.

MARKET RISK. The company's price risk management activities involve offering fixed price commitments into the future. At December 31, 1995, the term of the natural gas portfolio extended to the year 2008. Although the company generally attempts to balance its physical and financial purchase and sale contracts in terms of quantities and contract performance, net open positions often exist or are established due to the origination of new transactions and the company's assessment of, and response to, changing market conditions. The company will at times create a net open position or allow a net open position to continue when it believes, based upon competitive information acquired from its energy marketing activities, that future price movements will be consistent with its net open position. To the extent that the company has an open position, it is exposed to the risk that fluctuating market prices may adversely impact its financial position or results from operations. The company has established trading policies and exposure limits that are monitored and reviewed. A price movement of $.10 per MCF for natural gas at December 31, 1995 would have impacted income from operations by approximately $1.7 million.

MARKET VALUATION. The market prices used to value these transactions reflect management's best estimate of market prices considering various factors including closing exchange and over-the-counter quotations, time value of money and price volatility factors underlying the commitments. These market prices are adjusted to reflect the potential impact of liquidating the company's position in an orderly manner over a reasonable period of time under present market conditions.

The company has considered a number of risks and costs associated with the future commitments that are included in the market valuation of the natural gas portfolio, including credit risks associated with the financial condition of counterparties, product location (basis) differentials and other risks which management policy dictates. A calculation of the time value of money is also applied to all contracts. The company continuously monitors the valuation of identified risks and adjusts them based on present market conditions.

The counterparties in the company's portfolio consist primarily of financial institutions, oil and gas companies and independent power producers. The creditworthiness of the company's counterparties may impact its overall exposure to credit risk, either positively or negatively. However, the company maintains credit policies with regard to its counterparties that management believes minimizes overall credit risk. The following table displays the mark-to-market results of the company's natural gas transactions at December 31, 1995 and the average value for the year ended December 31, 1995:

	PRICE RISK MANAGEMENT ASSETS		PRICE RISK MANAGEMENT LIABILITIES	
	AVERAGE VALUE	12/31/95	AVERAGE VALUE	12/31/95
	DOLLARS IN MILLIONS			
Independent power producers	$ 93.6	$ 187.6	$ --	$ --
Financial institutions	2.9	9.1	30.6	38.6
Oil and gas producers	.6	2.0	12.0	30.7
Gas transmission	.9	2.4	4.8	19.7
Other	1.2	3.3	0.7	2.9
Gross value	99.2	204.4	48.1	91.9
Reserves	--	--	36.2	70.6
Total	$ 99.2	$ 204.4	$ 84.3	$ 162.5
Net value		$ 41.9		

Three independent power producers comprise the majority of the Company's net price risk management assets. The concentration of customers, which fluctuates with changes in market conditions, may impact the company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, regulatory or other conditions.

NOTE 4: RESTRUCTURINGS

AQUILA RESTRUCTURING

In the fourth quarter of 1993, the Aquila Energy subsidiary implemented a new business strategy and recorded a $69.8 million charge against income ($45 million after tax) for disposal of selected gas sales contracts, impairment of certain offshore assets, and other restructuring costs. Since then, Aquila has been settling various contracts and reducing this reserve. In the first quarter of 1995, Aquila completed its restructuring plan. The net contract settlements were more favorable than originally anticipated in 1993, resulting in a $5.0 million and $5.4 million positive adjustment to income from operations for the years ended December 31, 1995 and 1994.

AGP PUBLIC OFFERING

In October 1993, AGP completed an initial public offering and sale of 5.4 million shares of common stock, representing approximately 18% of its total shares outstanding. Net proceeds of the offering were about $74.6 million and were used to reduce short-term debt incurred for working capital purposes. This transaction resulted in a gain of $47.8 million, recorded as non-operating income in the Consolidated Statement of Income. Consistent with U.S. tax laws, no income tax expense was recorded related to this gain.

SALE OF OIL AND GAS ASSETS

On September 27, 1995, the company sold assets of Aquila Energy Resources Corporation, a wholly-owned subsidiary of Aquila Energy, for approximately $205 million in cash, which approximated their carrying value. The assets sold consisted of substantially all of the company's oil and gas reserves.

NOTE 5: ACCOUNTS RECEIVABLE

The components of accounts receivable, net on the Consolidated Balance Sheets are:

	1995	1994	1993
		IN MILLIONS	
Accounts receivable, net	$ 405.1	$ 261.7	$ 297.1
Unbilled revenue	95.5	71.5	76.6
Financing program	(168.4)	(117.6)	(139.1)
Total	$ 332.2	$ 215.6	$ 234.6

The company has agreements with financial institutions to sell, on a continuing basis, up to $205 million of eligible accounts receivable on a limited recourse basis. Fees associated with these sales were approximately (in millions) $8.6 in 1995, $6.9 in 1994 and $5.4 in 1993 and are included in interest expense in the accompanying Consolidated Statements of Income.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment, net are as follows:

	1995	1994	1993
		IN MILLIONS	
Electric utility	$ 1,645.0	$ 1,578.7	$ 1,526.6
Gas utility	1,064.8	954.6	896.3
Gas gathering and pipeline systems	547.0	440.0	419.8
Oil and gas properties	--	416.7	337.2
Other non-regulated plant	106.2	88.3	80.9
Construction in process	47.6	23.3	22.3
	3,410.6	3,501.6	3,283.1
Less -- depreciation, depletion and amortization	1,131.0	1,235.2	1,124.0
Net Property, Plant and Equipment	$ 2,279.6	$ 2,266.4	$ 2,159.1

JOINTLY OWNED ELECTRIC UTILITY PLANT. The company holds an 8% ownership interest in three coal-fired, approximately 600-megawatt generating units (Jeffrey Energy Center or JEC) and leases another 8% of JEC energy output. The JEC is operated by another utility. At December 31, 1995, electric utility plant and accumulated depreciation included $100.8 million and $43.2 million, respectively, related to the company's investment in JEC. The pro rata share of JEC expenses is reflected in the Consolidated Statements of Income.

NOTE 7: ASSET IMPAIRMENTS

In 1995 the company reviewed its long-lived asset carrying value and also adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). In the fourth quarter of 1995, the company recorded a non-cash charge of approximately $34.6 million for long-term asset impairments. The assets related to this charge are summarized below:

	PRETAX WRITEDOWN
	IN MILLIONS
Investment in an independent power project (UtilCo Group)	$ 15.4
Gas gathering systems (AGP)	13.2
Gas processing plants	6.0
Total	$ 34.6

The impairment loss related to UtilCo Group's investment in a power project was primarily caused by a change in the projected cash flows of the project after considering updated projections of future energy prices. This resulted in the write-off of the remaining investment balance.

The impairment loss relating to AGP's gas gathering systems stems from a review of cash flows on a system-by-system basis. Prior to adoption of SFAS 121, AGP assessed asset realization at a cash flow level higher than SFAS 121 requires. In preparing cash flow projections related to AGP's assets certain assumptions were used. The more significant assumptions included constant throughput flow based on 1994 actual throughput for an estimated remaining life of 20 years. Cash flows were discounted based on AGP's weighted average cost of capital.

The impairment loss relating to gas processing plants relate to a review conducted after the sale of Aquila's oil and gas properties. These company-owned plants were managed as part of Aquila's properties, but were not part of Aquila. In assessing these plants separately under the principles of SFAS 121, the cash flows from these assets were not sufficient to recover the carrying value of the plants.

NOTE 8: INVESTMENTS IN SUBSIDIARIES AND PARTNERSHIPS

The consolidated financial statements include the company's investments in electric distribution utilities in Australia (via UtiliCorp Australia Holding Limited [UAHL]) and New Zealand (via UNZ), five U.K. gas marketing joint ventures (via UtiliCorp U.K., Limited) and 17 power projects (via UtilCo Group) accounted for under the equity method. For the company's international businesses, adjustments for all significant differences between U.S. generally accepted accounting principles and local accounting standards have been made to the amounts included in the company's consolidated financial statements.

			INVESTMENT DECEMBER 31, (A)			SHARE OF PRETAX EARNINGS		
	OWNERSHIP	COUNTRY	1995	1994	1993	1995	1994	1993
			DOLLARS IN MILLIONS					
UAHL investment	49.9%	Australia	$ 257.9	$ --	$ --	$ 1.3	$ --	$ --
UNZ investments:								
WEL Energy Group Ltd. (d)	39%	New Zealand	39.1	24.3	--	2.2	.2	--
PNZ	27.5%	New Zealand	107.1	--	--	--	--	--
UtiliCorp U.K., Limited investments (c)	25%	United Kingdom	--	1.4	2.5	(1.6)	(1.1)	1.4
UtilCo Group partnerships (b)(c)	22%-50%	U.S. & Jamaica	170.3	122.8	100.2	21.9	19.2	15.0
			$ 574.4	$ 148.5	$ 102.7	$ 23.8	$ 18.3	$ 16.4

(a) Investment exceeds interest in the underlying company or partnership net assets. Acquisition and transaction costs included in the investment balances are being amortized on a straight-line basis over the remaining lives of the related assets.

(b) Investment and share of pretax earnings include the James River project, 49% owned by the company and 1% owned by UtilCo.

(c) Investments are aggregated. Individual investments are not significant.

(d) Prior to February 1995, the company's participation in WEL's results was limited to 5%.

Summarized combined financial information of unconsolidated material equity investments is presented below.

	DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Assets			
Current assets	$ 336.5	$ 115.7	$ 111.2
Non-current assets	2,785.3	855.5	881.0
Total assets	$ 3,121.8	$ 971.2	$ 992.2
Liabilities and Equity			
Current liabilities	$ 276.5	$ 93.7	$ 92.3
Non-current liabilities	2,125.6	694.8	735.8
Equity	719.7	182.7	164.1
Total liabilities and equity	$ 3,121.8	$ 971.2	$ 992.2
Operating Results			
Revenues	$ 729.6	$ 352.8	$ 313.1
Costs and expenses	657.3	299.7	269.2
Net income	$ 72.3	$ 53.1	$ 43.9

NOTE 9: SHORT-TERM DEBT

Short-term debt outstanding at December 31, 1995, 1994 and 1993 is comprised of the following items:

	1995	1994	1993
	DOLLARS IN MILLIONS		
Bank borrowing (uncommitted)	$ 153.1	$ 155.4	$ 70.0
Commercial paper	135.5	27.0	--
Total	$ 288.6	$ 182.4	$ 70.0
Weighted average interest rate at year end	6.14%	6.20%	3.51%

The company has commercial paper programs aggregating $150 million. To support the programs, the company has a revolving credit agreement with a consortium of banks aggregating $250 million. The revolving credit agreement allows the issuance of notes which bear interest at rates based on the prime rate or various money market rates. The revolving credit agreement contains restrictive covenants and the company pays an annual commitment fee of .17% on the revolving credit agreement.

NOTE 10: LONG-TERM DEBT AND COMPANY-OBLIGATED PREFERRED SECURITIES

The company's long-term debt is summarized below.

	YEAR ENDED DECEMBER 31,		
DOLLARS IN MILLIONS	1995	1994	1993
First Mortgage Bonds:			
Various, 9.92%*, due 1996-2008	$ 23.0	$ 23.0	$ 36.1
Senior Notes:			
9.30% Series, due December 1, 1995	--	125.0	125.0
6.0% Series, due April 1, 1998	70.0	70.0	70.0
9.21% Series, due October 11, 1999	50.0	50.0	50.0
8.45% Series, due November 15, 1999	100.0	100.0	--

DOLLARS IN MILLIONS	YEAR ENDED DECEMBER 31, 1995	1994	1993
Aquila Southwest Energy 8.29% Series, due September 15, 2002	87.5	100.0	100.0
6.375% Series, due June 1, 2005	100.0	--	--
8.2% Series, due January 15, 2007	130.0	130.0	130.0
10.5% Series, due December 1, 2020	125.0	125.0	125.0
9.0% Series, due November 15, 2021	150.0	150.0	150.0
8.0% Series, due March 1, 2023	125.0	125.0	125.0
Secured Debentures of West Kootenay Power:			
9.98%*, due 1995-2023	50.3	54.0	57.9
Subordinated Debentures:			
6.625%, due July 1, 2011	8.0	20.7	23.9
New Zealand Denominated Credit Facility	63.6	--	--
Australian Denominated Credit Facility	222.8	--	--
Other Notes and Obligations	65.3	43.0	18.6
Total Long-Term Debt (including current maturities)	$ 1,370.5	$ 1,115.7	$ 1,011.5

*Weighted average interest rate.

The amount of long-term debt maturing in each of the next five years, including sinking fund provisions, is as follows (in millions): 1996 -- $15.1; 1997 -- $25.8; 1998 -- $147.7; 1999 -- $165.9; and 2000 -- $270.1.

In June 1995, the company issued $100 million of 6.375% Senior Notes due in 2005. Net proceeds of $99.3 million were used to reduce short-term debt. The Notes are the initial securities issued under a $200 million shelf registration of debt securities.

In November 1994, the company issued $100 million of 8.45% Senior Notes due in 1999. The net proceeds of $99.5 million were used to reduce short-term debt incurred for construction and acquisitions, and for general corporate purposes.

In June 1995, UtiliCorp Capital L.P. (UC), a limited partnership of which the company is the general partner, issued 4,000,000 shares of 8.875% Cumulative Monthly Income Preferred Securities, Series A, for $100 million. The limited partnership interests represented by the preferred securities are redeemable at the option of UC, after June 12, 2000, at $25 per preferred security plus accrued interest and unpaid dividends. Holders of the securities are entitled to receive dividends at an annual rate of 8.875% of the liquidation preference value of $25. Dividends are payable monthly and in substance are tax deductible by the company. The securities are shown as Company-Obligated Mandatorily Redeemable Preferred Securities of a Partnership on the Consolidated Balance Sheet. The net proceeds were used to reduce short-term debt.

UtiliCorp South Pacific, Inc. (USP) has a $135 million New Zealand-dollar-denominated credit facility with a consortium of banks that was utilized to finance a portion of the investment made by UNZ. The interest rate floats with changes in the New Zealand bank bill rate. The interest rate at December 31, 1995, was 8.98% and matures February 28, 1998. A commitment fee of .20% applies to the unused portion of the credit facility.

UAHL has two 5-year credit facilities ($225 million and $100 million [Australian]) with a consortium of banks that were utilized to finance the ownership interest in UE. The interest rate floats with changes in the Australian bank bill rate. The weighted average interest rate at December 31, 1995 was 7.91%. A commitment fee of .20% applies to the unused portion of the credit facility. Borrowings from this facility are considered long-term as it is the company's intention to repay borrowed funds over periods extending beyond one year.

On November 6, 1995, UAHL entered into an interest rate swap agreement with Deutsche Bank with a contractual amount of $100 million (Australian) whereby the company exchanges variable Australian debt interest for fixed rate interest. The fixed interest rate is 7.77% for a period extending to September 7, 1998.

On December 8, 1995, the company obtained an extended grace period for a long-term debt to capitalization ratio covenant from its creditor on its 9.21% senior notes. The grace period extends to June 30, 1996. The debt obligation is classified as long-term debt in the Consolidated Balance Sheet, as management believes it is probable that the company will meet the covenant ratio by June 30, 1996 and for the foreseeable future periods.

Substantially all of the domestic utility plant owned by the company is subject to the lien of various mortgage indentures. The company cannot issue additional mortgage bonds under these mortgage indentures without directly securing the 6.0%, 8.45%, 8.2%, 9.0%, 8.0% and 6.375% Senior Notes equally as any mortgage bond issue. Currently the company has no plans to issue mortgage bonds.

The company executed an Indenture in 1990 (Indenture) for the issuance of senior notes. Notes issued pursuant to the Indenture will be unsecured obligations of the company and will rank on a parity with all other unsecured and subordinate indebtedness of the company.

At December 31, 1995, 6.625% convertible subordinated debentures totaling $8.0 million remained outstanding. The debentures can be converted into approximately 340,000 shares of common stock, based on a conversion price of $23.68, subject to an annual maximum limitation. The debentures are subordinate to the prior payment, when due, of the principal and premium, if any, and interest on all the company's debt outstanding, except debt that by its terms is not senior in right of payment to the debentures.

NOTE 11: CAPITAL STOCK

As of December 31, 1995, the company was not restricted as to payment of cash dividends.

The Board of Directors of the company (the Board) is authorized to approve the issuance of up to 20 million shares of Class A common stock, $1.00 par value. No shares of Class A common stock are issued or outstanding.

DIVIDEND REINVESTMENT AND COMMON STOCK PURCHASE PLAN. On February 16, 1995, the company registered 3 million shares of common stock to initiate a new Dividend Reinvestment and Common Stock Purchase Plan (New Plan). Under the provisions of this New Plan, current and potential shareholders can purchase up to $10,000 per month of the company's common stock at a five-day average market price and without sales commissions. The New Plan allows members to reinvest dividends into additional common stock at a 5% discount. The New Plan amends the previous plan and all members in the previous plan automatically became members in the New Plan.

EMPLOYEE STOCK PURCHASE PLAN. Participants have the opportunity to buy shares of the company's common stock at a reduced price through regular payroll deductions and/or lump sum deposits of up to 20% of the employee's base salary. Contributions are credited to the participant's account throughout an option period. At the end of the option period, the participant's total account balance is applied to the purchase of common shares of the company. The shares are purchased at 85% of the lower of the market price on the first day or the last day of the option period. Participants must be enrolled in the Plan as of the first day of an option period in order to participate in that option period.

RESTATED SAVINGS PLAN. A defined contribution plan, the Restated Savings Plan (Savings Plan) covers all full-time and eligible part-time employees of the company. Participants may generally elect to contribute up to 12% of their annual pay on a before- or after-tax basis subject to certain limitations. The company generally matches contributions up to 6%. Participants may direct their contributions into five different investment options. All company matching contributions are in the company's common stock. In addition, the Savings Plan also includes a stock contribution fund whereby the company can contribute an additional amount of company common stock to participants.

STOCK AWARDS AND STOCK OPTIONS. The company's Stock Incentive Plan provides for the granting of common shares to certain employees as restricted stock awards and as stock options.

Shares issued as restricted stock awards are held by the company until certain restrictions lapse, generally on the third award anniversary. The market value of the stock, when awarded, is amortized to compensation expense over the three-year period.

Stock options granted under the Plan allow the purchase of common shares at a price not less than fair market value at the date of grant. Options are generally exercisable commencing with the first anniversary of the grant and expire after 10 years from the date of grant.

Subject to regulatory and shareholder approval, on September 8, 1995, the company granted up to 619,325 shares of the company's common stock to certain key individuals at an exercise price of $27.25 per share.

The Board approved the establishment of an Employee Stock Option Plan in 1991. This Plan provides for the granting of up to 1 million stock options to full-time employees other than those eligible to receive options under the Stock Incentive Plan. Stock options granted under the Employee Stock Option Plan carry the same provisions as those issued under the Stock Incentive Plan. During 1992, options for 742,900 shares were granted to employees. The exercise price of these options is $27.3125. No options have been issued under this Plan since 1992.

At December 31, 1995, restricted stock awards and stock options which were exercisable totaled 165,735 shares.

Stock options as of December 31, 1995, 1994 and 1993 are summarized below:

	1995	1994	1993
		SHARES	
Beginning balance	1,273,797	1,188,007	1,061,857
Granted	858,975	203,650	221,650
Exercised	(11,900)	(98,910)	(82,400)
Cancelled	(55,500)	(18,950)	(13,100)
Ending balance	2,065,372	1,273,797	1,188,007
Grant price range	$17.40-$31.63	$17.40-$31.63	$17.40-$28.69
Exercise price range	$ 21.88-$28.56	$ 21.50-$28.69	$ 21.50-$18.69

MANDATORILY REDEEMABLE CONVERTIBLE PREFERENCE STOCK. In February 1994, the Board authorized the redemption of all outstanding shares of the $1.775 Series Convertible Preference Stock. During the 1994 first and second quarters, approximately 1.3 million and 1.5 million shares of the $1.775 stock were converted into approximately 2.7 million shares of common stock. The remaining approximately 100,000 shares were redeemed on May 26, 1994 at a price of $21.60 per share plus accrued dividends.

NOTE 12: INCOME TAXES

Income tax expense consists of the following components:

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Currently Payable:			
Federal	$ 35.4	$ 15.3	$ 23.1
Foreign	10.6	5.2	4.9
State	11.3	(1.5)	(2.2)
Deferred:			
Federal			
Accelerated depreciation	6.0	14.3	27.0
Alternative minimum tax	(4.7)	(20.4)	(23.2)
Restructuring charge	2.8	7.9	(23.7)
Intangible drilling costs	(27.3)	15.2	10.0
Purchased gas adjustment clauses	2.8	(.6)	1.9
Federal tax rate increase	--	--	2.7
Provision for asset impairments	(12.4)	--	--
Price risk management assets and liabilities	11.5	--	--
Other	17.7	9.8	5.1
State	(.4)	8.2	5.7
Investment Tax Credit Amortization	(1.3)	(1.3)	(1.3)
Total Income Tax Expense	$ 52.0	$ 52.1	$ 30.0

In August 1993, passage of the Budget Reconciliation Act of 1993 (the Act) increased the statutory federal income tax rate from 34% to 35%. This tax rate change increased income tax expense by approximately $4.0 million, of which $2.7 million represented a non-cash adjustment to increase deferred tax liabilities as of January 1, 1993.

The company has an alternative minimum tax credit carryforward of approximately $88 million at December 31, 1995. Alternative minimum tax credits can be carried forward indefinitely and the company has not recorded a valuation allowance against its tax credit carryforwards.

The principal components of the company's deferred income taxes consist of the following:

	DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Deferred Tax Assets:			
Alternative minimum tax credit carryforward	$ 88.2	$ 83.5	$ 73.8
Net operating loss carryforward	--	26.3	19.0
Restructuring charges	--	16.0	25.0
Total deferred tax assets	88.2	125.8	117.8
Deferred Tax Liabilities:			
Accelerated depreciation and other plant differences			
Regulated	160.9	176.5	163.1
Non-regulated	140.2	168.7	128.4
Regulatory asset -- SFAS 109	33.8	32.8	25.8
Other, net	32.5	27.2	13.4
Total deferred tax liabilities	367.4	405.2	330.7
Deferred income taxes, net	$ 279.2	$ 279.4	$ 212.9

The company's effective income tax rates differed from the statutory federal income tax rates primarily due to the following:

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Statutory Federal Income Tax Rate	35.0%	35.0%	35.0%
Tax effect of:			
Temporary differences passed through, primarily removal costs	(.5)	(1.3)	(.8)
Investment tax credit amortization	(1.0)	(.9)	(1.1)
Gain on sale of subsidiary stock	--	--	(14.4)
State income taxes, net of federal benefit	4.3	3.1	2.4
Federal tax rate increase	--	--	2.3
Difference in tax rate of foreign subsidiaries	1.3	1.9	.8
Other	.4	(2.2)	1.6
Effective Income Tax Rate	39.5%	35.6%	25.8%

NOTE 13: EMPLOYEE BENEFITS

PENSIONS. The following table represents the funded status of the pension plans and the amounts included in the Consolidated Balance Sheets and Statements of Income:

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Actuarial present value of benefit obligations:			
Vested benefit obligation	$ 143.0	$ 119.4	$ 113.5
Accumulated benefit obligation	146.9	122.6	116.5
Projected benefit obligation	$ 183.9	$ 152.1	$ 144.6
Plan assets at fair value (primarily publicly traded common stocks and bonds)*	191.7	161.4	168.3
Excess of plan assets over the projected benefit obligation	7.8	9.3	23.7
Unrecognized net loss from past experience different from that assumed	24.1	22.0	7.2
Unrecognized net asset being recognized over 16 years	(12.5)	(13.7)	(15.6)
Unrecognized prior service cost	(.3)	(.7)	.1
Pension asset included in prepayments	$ 19.1	$ 16.9	$ 15.4
Net pension expense included the following components:			
Service cost	$ 5.8	$ 5.6	$ 5.3
Interest cost on projected benefit obligation	12.0	11.0	10.4
Actual return on plan assets	(37.6)	.6	(16.9)
Regulatory adjustment	.6	.5	.3
Net amortization and deferral	20.5	(16.7)	2.2
Net pension expense	$ 1.3	$ 1.0	$ 1.3
Discount rate assumed	7.17%	7.89%	7.89%
Assumed rate of return on future compensation levels	5.0-5.5%	5.0-5.5%	5.0-5.5%
Assumed long-term rate of return on assets	8.5-10.0%	8.5-9.0%	8.5-9.0%

---

*Includes $1.1 million of the company's convertible preference stock at December 31, 1993. No convertible preference stock was held at December 31, 1995 and 1994.

The company has pension plans covering substantially all qualified union and non-union employees. The benefit formulas vary and are based either on years of service multiplied by a percentage of salary, or a flat benefit based upon years of service.

The company's policy is to fund, at a minimum, an amount sufficient to meet all ERISA funding requirements. In certain of its jurisdictions, the company has recorded pension expense equal to its funding contribution, consistent with the rate treatment allowed for this cost.

In 1995 the company changed its long-term view on pension fund asset returns and increased its estimated return on domestic plan assets to 10%.

OTHER POST-RETIREMENT BENEFITS. The company provides post-retirement health care and life insurance benefits to certain employees. A majority of such retirees pay a portion of the cost of the benefits.

The following table summarizes the status of the company's post-retirement plans for financial statement purposes and the related amount included in the Consolidated Balance Sheets at December 31, 1995, 1994 and 1993:

	DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Actuarial present value of post-retirement benefit obligations:			
Retirees	$ 23.1	$ 24.1	$ 29.5
Other fully eligible participants	6.0	7.6	9.0
Other active participants	11.1	8.3	6.8
Plan assets at fair value	(.9)	(.3)	--
Unrecognized transition obligation	(34.4)	(36.4)	(41.0)
Unrecognized net gain (loss)	5.2	3.3	(1.8)
Accrued liability	$ 10.1	$ 6.6	$ 2.5

The components of health care and life insurance costs are:

	DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Service cost	$ .8	$ .6	$ .6
Interest cost	2.7	2.9	3.4
Return on plan assets	--	--	--
Amortization of transition obligation	2.0	2.0	2.0
Net amortization and deferral	(.2)	--	--
Net health care and life insurance costs	$ 5.3	$ 5.5	$ 6.0

The following actuarial assumptions were used in calculating the plan's year-end funded status:

	1995	1994	1993
Discount rate	7.0%	7.75%	7.75%
Health care cost trend rate	10%-6%	12.5%-6%	14%-6%

The rate of change in health care cost has an effect on the projected benefit obligation. Increasing the rate by 1% each year would have increased the present value of the accumulated projected benefit obligation by $2.4 million and the aggregate of the service and interest cost components by $.3 million in 1995.

Pursuant to regulatory orders or precedents, certain regulated divisions of the company have deferred as a regulatory asset the incremental costs associated with SFAS No. 106. At December 31, 1995, the amount deferred was $8.5 million.

NOTE 14: COMMITMENTS AND CONTINGENCIES

COMMITMENTS. The company has various commitments for the years 1996 through 2000 relating primarily to power and gas supply commitments, fixed price sales obligations and lease and rental commitments. A table of the company's estimated capital expenditures and more significant estimated commitments follows.

	1996	1997	1998	1999	2000
	DOLLARS IN MILLIONS, EXCEPT PER UNIT				
Capital expenditures	$ 271.9	$ 254.3	$ 186.8	$ 166.8	$ 158.3
Future minimum lease payments	21.4	19.7	20.1	18.8	17.2
Purchased power obligations	44.1	44.3	41.5	37.6	33.3
Coal contracts	43.1	43.3	45.0	46.8	34.3
Price ranges	$12.92 to $28.84 per ton				
Fixed price sales obligations (BCF)	17.6	17.6	17.6	17.6	17.0
Price ranges	$1.71 to $4.06 per MCF				
Fixed price purchase obligations (BCF)	9.2	9.1	7.3	7.3	7.3
Price ranges	$2.70 to $3.20 per MCF				

Future minimum lease payments primarily relate to the JEC interest, peaking turbines, coal cars, and office space. Rent expense for the years 1995, 1994 and 1993 was (in millions) $25.9, $26.4 and $25.7, respectively.

Purchased power obligations for 1996 through 2000 are estimated to provide 916; 921; 896; 856; and 628 MW, respectively.

FINANCIAL GUARANTEES AND CAPITAL COMMITMENTS. At December 31, 1995, UtilCo Group had unconditional capital commitments to fund partnership capital in 1996 aggregating $11.6 million.

UtiliCorp U.K. Limited (a subsidiary of UtiliCorp U.K., Inc., which is a 75%-owned subsidiary of the company) is a 25% equity partner in Midlands Gas Limited (MGL), a gas marketing joint venture with Midlands Electricity Plc (a United Kingdom electric utility). On behalf of MGL, Midlands Electricity Plc provided three financial performance guarantees to producers, each supported by financial guarantees by the company for its 25% share of the contracts.

UtiliCorp U.K. Limited is also a 25% equity partner in Caledonian Gas Limited (CGL), a gas marketing company, with Scottish Power, a United Kingdom electric utility. As part of the agreement with Scottish Power, UtiliCorp U.K. Limited is required to provide funds to CGL proportional to its ownership interest, up to 2.5 million British pounds (approximately $3.9 million). No capital calls have been made pursuant to this agreement.

Both of these joint ventures are anticipated to require additional funding due to commitments to purchase gas under long-term contracts at prices which are currently above market. The company is in discussion with its partners in these two joint ventures regarding these matters. Although the company has not paid any amounts to date, the company accrued a reserve of $11.0 million in December 1995. Based on current views of the market and the plans of the joint ventures, the company believes that the resolution of these matters will not materially effect the financial position or results of operations of the company.

The company or its subsidiaries have other financial guarantees related to business activities in the United Kingdom, but management believes it is not probable that such guarantees will be called.

ENVIRONMENTAL. The company is subject to various environmental laws, including regulations governing air and water quality and the storage and disposal of hazardous or toxic wastes. The company assesses, on an ongoing basis, measures to ensure compliance with laws and regulations related to hazardous materials and hazardous waste compliance and remediation activities.

The company owns or previously operated 29 former manufactured gas plants (MGPs) which may, or may not, require some form of environmental remediation. The company has contacted appropriate federal and state agencies and is in the process of determining what, if any, specific cleanup activities may be needed at these sites.

As of December 31, 1995, the company has spent approximately $7.0 million for investigating and remediating its MGP sites. The company currently estimates that it will spend a minimum of approximately $6.2 million over the next several years on the company's identified MGP sites. These amounts could change materially based upon further investigations, the actions of environmental agencies and the financial viability of other responsible parties. Additionally, the ultimate liability may be significantly affected if the company is held responsible for parties not financially able to contribute to these costs. Based on prior experience, available facts and existing law, the company has recorded a liability of $6.2 million representing its estimate of the amount of environmental costs currently expected to be incurred.

The company has received favorable rate orders for recovery of its environmental cleanup costs in certain jurisdictions. In other jurisdictions, favorable regulatory precedent exists for the recovery of these costs. The company is also pursuing recovery from insurance carriers and other potentially responsible parties.

It is management's opinion that the ultimate resolution of these environmental matters will not have a material adverse impact upon the financial position or results of operations of the company.

OTHER. The company is subject to various legal proceedings and claims which arise in the ordinary course of business operations. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect the consolidated financial position of the company or its results of operations.

NOTE 15: FAIR VALUE OF CERTAIN FINANCIAL INSTRUMENTS

Cash and cash equivalents and short-term debt are carried at cost which approximates fair value. The fair value of long-term debt and redeemable preference stock is estimated based on quoted market prices for the same or similar issues or on the current rates offered for instruments of the same remaining maturities.

Because a substantial portion of the company's operations are regulated, the company believes that any gains or losses related to the retirement of debt or redemption of preference stock would not have a material effect on the company's financial position or results of operations.

	CARRYING AMOUNT			FAIR VALUE		
	1995	1994	1993	1995	1994	1993
	DOLLARS IN MILLIONS					
Long-term debt, including current maturities	$ 1,370.5	$ 1,115.7	$ 1,011.5	$ 1,473.6	$ 1,094.4	$ 1,127.9
Redeemable preference stock	--	--	58.5	--	--	88.7
Note receivable	21.4	22.9	24.3	21.4	22.9	24.3
Interest rate swap	--	--	--	(.6)	--	--
Investment in convertible subordinated notes	129.7	--	--	129.7	--	--
Investment in floating rate subordinated debt	92.7	--	--	92.7	--	--

The company enters into forwards, futures and other contracts related to its commodity businesses. At December 31, 1995 and 1994, the company had natural gas financial instruments with a contractual volume of 1,327 and 310 BCF, respectively, expiring in 2008. As of December 31, 1995 and 1994 the future cash flow requirements, net of margin deposits, related to these financial instruments was $44.2 and $9.9 million, respectively. Financial instruments are used to manage fluctuations in price on the portfolio of natural gas transactions. The estimated fair value and cash flow requirements for these financial instruments are based on the market prices in effect at the financial statement date and do not necessarily reflect the company's entire trading portfolio.

NOTE 16: SEGMENT INFORMATION

	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993
	DOLLARS IN MILLIONS		
Sales:			
Electric	$ 577.7	$ 557.0	$ 546.9
Gas	616.8	618.6	686.1
Energy related businesses	1,171.0	935.8	1,292.0
Other	433.0	286.7	221.1
Total Sales	$ 2,798.5	$ 2,398.1	$ 2,746.1
Depreciation, Depletion and Amortization:			
Electric	$ 53.7	$ 49.9	$ 45.9
Gas	34.3	30.1	28.6
Energy related businesses	49.6	59.6	60.8
Other	7.8	5.9	5.5
Total Depreciation, Depletion and Amortization	$ 145.4	$ 145.5	$ 140.8
Income (Loss) From Operations:			
Electric	$ 127.4	$ 125.3	$ 119.4
Gas	68.3	61.8	65.7
Energy related businesses	68.4	43.4	(32.9)
Other	(39.0)	(2.5)	(8.2)
Total Income From Operations	$ 225.1	$ 228.0	$ 144.0
Identifiable Assets:			
Electric	$ 1,200.2	$ 1,164.6	$ 1,162.0
Gas	900.0	819.9	716.9
Energy related businesses	873.1	717.1	604.2
Other	912.6	409.5	367.4
Total Assets	$ 3,885.9	$ 3,111.1	$ 2,850.5
Capital Expenditures:			
Electric	$ 69.5	$ 81.3	$ 87.4
Gas	39.9	50.7	53.1
Energy related businesses	144.0	113.6	94.5
Total Capital Expenditures	$ 253.4	$ 245.6	$ 235.0

NOTE 17: SUPPLEMENTARY INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES

The table below presents the results of operations from oil and gas producing activities. Substantially all related assets were sold in the third quarter of 1995, as discussed in Note 4. Accordingly, all disclosures on oil and gas activities required by Statement of Financial Accounting Standards No. 69 have been eliminated.

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	DOLLARS IN MILLIONS		
Oil and gas sales	$ 57.5	$ 73.3	$ 78.2
Expenses:			
Production costs	15.9	17.5	18.9
Depreciation, depletion and amortization	29.4	41.1	39.6
Total Expenses	45.3	58.6	58.5
Results before income taxes	12.2	14.7	19.7
Income taxes	4.3	5.1	6.9
Results of Operations	$ 7.9	$ 9.6	$ 12.8

NOTE 18: QUARTERLY FINANCIAL DATA (UNAUDITED)

Due to the timing of acquisitions, the effect of weather on sales, and other factors characteristic of utility operations and energy related businesses, financial results for interim periods are not necessarily indicative of trends for any 12-month period.

	1995 QUARTERS (A)				1994 QUARTERS			
	FIRST	SECOND	THIRD	FOURTH	FIRST	SECOND	THIRD	FOURTH
	IN MILLIONS EXCEPT PER SHARE							
Sales	$ 726.3	$ 600.8	$ 607.5	$ 863.9	$ 773.5	$ 516.3	$ 491.5	$ 616.8
Income from operations	81.5	34.9	81.8	26.9	82.4	31.5	43.3	70.8
Net income	32.2	7.2	32.9	7.5	39.0	7.4	14.5	33.6
Earnings per common share:								
Primary (b)	$ .71	$ .15	$ .72	$ .15	$ .88	$ .15	$ .31	$ .76
Fully diluted (c)	.70	.15	.71	.15	.85	.15	.31	.74
Cash dividend per common share	$ .43	$ .43	$ .43	$ .43	$ .42	$ .42	$ .43	$ .43
Market price per common share:								
High	$ 29.50	$ 29.00	$ 28.50	$ 29.63	$ 31.63	$ 31.38	$ 29.75	$ 27.75
Low	26.25	27.25	26.63	27.50	29.00	28.00	26.25	25.38

(a) Restated for accounting change. See Note 1.

(b) The sum of the quarterly primary earnings per share amounts differs from that reflected in the Consolidated Statements of Income due to the weighting of common shares outstanding during each of the respective periods.

(c) The sum of the quarterly fully diluted earnings per share amounts differs from that reflected in the Consolidated Statements of Income because the company's convertible securities were anti-dilutive in certain quarterly calculations.

REPORT OF MANAGEMENT

The management of UtiliCorp United Inc. is responsible for the information that appears in this annual report, including its accuracy. The accompanying Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles. In addition to selecting appropriate accounting principles, management is responsible for the manner of presentation and for the reliability of the information. In fulfilling this responsibility, it is necessary for management to make estimates based on currently available information and judgments of current conditions and circumstances.

Through well-developed systems of internal control, management seeks to assure the integrity and objectivity of the consolidated financial information contained herein. These systems of internal control are designed to provide reasonable assurance that the assets of the company are safeguarded and that the transactions are executed to management's authorizations, and are recorded in accordance with the appropriate accounting principles.

The Board of Directors participates in the financial information reporting process through its Audit Committee, which selects the independent accountants and reviews, along with management, the company's financial reporting and internal accounting controls, policies, and practices.

Richard C. Green, Jr.
Chairman of the Board and
Chief Executive Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF UTILICORP UNITED INC.:

We have audited the accompanying consolidated balance sheets and statements of preferred and preference stock of UtiliCorp United Inc. and subsidiaries at December 31, 1995, 1994 and 1993 and the related consolidated statements of income, common shareowners' equity, and cash flows for the three years then ended. 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 included 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 UtiliCorp United Inc. and subsidiaries at December 31, 1995, 1994 and 1993, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 3 to the consolidated financial statements, effective January 1, 1995, the company changed its method of accounting for price risk management activities. As explained in Note 7 to the consolidated financial statements, in 1995 the company changed its method of assessing the impairment of long-lived assets.

ARTHUR ANDERSEN LLP

Kansas City, Missouri
February 6, 1996

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

None.

PART 3

ITEMS 10, 11, 12 AND 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY, EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information regarding these items appears in the company's joint proxy statement and prospectus for its annual meeting of shareholders to be held May 15, 1996 and is hereby incorporated by reference in this Annual Report on Form 10-K, pursuant to General Instruction G(3) of Form 10-K. For information with respect to the executive officers of the company, see "Executive Officers" following Item 1 in Part 1.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(A) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS REPORT.

(1) FINANCIAL STATEMENTS:

(2) FINANCIAL STATEMENT SCHEDULE

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) LIST OF EXHIBITS *

The following exhibits relate to a management contract or compensatory plan or arrangement:

10(a)(2)	UtiliCorp United Inc. Deferred Income Plan.
10(a)(3)	UtiliCorp United Inc. Amended and Restated 1986 Stock Incentive Plan.
10(a)(4)	UtiliCorp United Inc. Annual and Long-Term Incentive Plan.
10(a)(5)	UtiliCorp United Inc. 1990 Non-Employee Director Stock Plan.
10(a)(6)	Supplemental Executive Retirement Agreement dated October 13, 1988, between the company and Dale J. Wolf.
10(a)(7)	Severance Compensation Agreement.
10(a)(8)	Executive Severance Payment Agreement.
10(a)(9)	Temporary Contract Employee Agreement.
10(a)(10)	Split Dollar Agreement.
10(a)(11)	Supplemental Retirement Agreement.
10(a)(13)	UtiliCorp United Inc. Life Insurance Program for Officers.

---

* Incorporated by reference to the Index to Exhibits.

(b) Reports on Form 8-K

A current report on Form 8-K dated October 25, 1995, with respect to

Item 5.

A current report on Form 8-K/A dated November 14, 1995, with respect to

Items 2 and 7.

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements for 1995, 1994 and 1993 described on page 59 of UtiliCorp United Inc.'s Annual Report on Form 10-K, and have issued our report thereon dated February 6, 1996. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The Financial Statements Schedule listed in Item 14(a)2 is presented for the purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Kansas City, Missouri
February 6, 1996

UTILICORP UNITED INC.
SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 1995
(IN MILLIONS)

Allowance for doubtful accounts:

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
DESCRIPTION	BEGINNING BALANCE AT DECEMBER 31	PURCHASE OF A BUSINESS	ADDITIONS CHARGED TO EXPENSE	DEDUCTIONS FROM RESERVES FOR PURPOSES FOR WHICH CREATED	ENDING BALANCE AT DECEMBER 31
Allowance for doubtful accounts:					
1995..........	$1.8	--	2.4	2.7	$1.5
1994..........	$4.2	--	4.6	7.0	$1.8
1993..........	$2.6	.3	5.4	4.1	$4.2
Price Risk Management--credit and service reserves:					
1995..........	$--	--	70.6(1)	--	$70.6
1994..........	$--	--	--	--	$ --
1993..........	$--	--	--	--	$ --

---

(1) Amount established in connection with change in accounting principle to the mark-to-market method of accounting for domestic natural gas trading activities in 1995.

UTILICORP UNITED INC.

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
*2(a)	Asset Purchase Agreement between Power Partnership PTY LTD and United Energy Limited. (Exhibit 2.1 to the Company's Current Report on Form 8-K dated September 13, 1995.)
*2(b)	Asset Sale Agreement between United Energy Limited and Power Partnership PTY LTD. (Exhibit 2.2 to the Company's Current Report on Form 8-K dated September 13, 1995.)
*2(c)	Share Sales Agreement Between the State of Victoria, Power Partnership PTY LTD. and the Convenantors. (Exhibit 2.3 to the Company's Current Report on Form 8-K dated September 13, 1995.)
*3(a)(1)	Certificate of Incorporation of the Company. (Exhibit 3(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
*3(a)(2)	Certificate of Amendment to Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to Registration Statement No. 33-16990 filed September 3, 1987.)
*3(a)(3)	Certificate of Designation of the Preference Stock (Cumulative), $2.05 Series. (Exhibit 3(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
*3(a)(4)	By-laws of the Company as amended. (Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.)
*4(a)(1)	Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
*4(a)(2)	Certificate of Amendment to Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to Registration Statement No. 33-16990 filed September 3, 1987.)
*4(a)(3)	Certificate of Designation of the Preference Stock (Cumulative), $2.05 Series. (Exhibit 4(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
*4(a)(4)	By-laws of the Company as amended. (Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.)
*4(b)(1)	Indenture, dated as of November 1, 1990, between the Company and The First National Bank of Chicago, Trustee. (Exhibit 4(a) to the Company's Current Report on Form 8-K, dated November 30, 1990.)
*4(b)(2)	First Supplemental Indenture, dated as of November 27, 1990. (Exhibit 4(b) to the Company's Current Report on Form 8-K, dated November 30, 1990.)
*4(b)(3)	Second Supplemental Indenture, dated as of November 15, 1991. (Exhibit 4(a) to UtiliCorp United Inc.'s Current Report on Form 8-K dated December 19, 1991.)
*4(b)(4)	Third Supplemental Indenture, dated as of January 15, 1992. (Exhibit 4(c)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
*4(b)(5)	Fourth Supplemental Indenture, dated as of February 24, 1993. (Exhibit 4(c)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)
*4(b)(6)	Fifth Supplemental Indenture, dated as of April 1, 1993. (Exhibit 4(c)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.)
*4(b)(7)	Sixth Supplemental Indenture, dated as of November 1, 1994. (Exhibit 4(d)(7) to the Company's Registration Statement on Form S-3 No. 33-57167, filed January 4, 1995.

EXHIBIT NUMBER	DESCRIPTION
*4(c)	Twentieth Supplemental Indenture, dated as of May 26, 1989, Supplement to Indenture of Mortgage and Deed of Trust, dated July 1, 1951. (Exhibit 4(d) to Registration Statement No. 33-45382, filed January 30, 1992.)
	Long-Term debt instruments of the Company in amounts not exceeding 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis will be furnished to the Commission upon request.
4(d)(1)	Indenture, dated as of June 1, 1995, Junior Subordinated Debentures.
4(d)(2)	First Supplemental Indenture, dated as of June 1, 1995, Supplement to Indenture dated June 1, 1995.
*10(a)(1)	Agreement for the Construction and Ownership of Jeffrey Energy Center, dated as of January 13, 1975, among Missouri Public Service Company, The Kansas Power & Light Company, Kansas Gas and Electric Company and Central Telephone & Utilities Corporation. (Exhibit 5(e)(1) to Registration Statement No. 2-54964, filed November 7, 1975.)
*10(a)(2)	UtiliCorp United Inc. Deferred Income Plan. (Exhibit 10(a)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
10(a)(3)	UtiliCorp United Inc. Amended and Restated 1986 Stock Incentive Plan
*10(a)(4)	UtiliCorp United Inc. Annual and Long-Term Incentive Plan. (Exhibit 10(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994)
*10(a)(5)	UtiliCorp United Inc. 1990 Non-Employee Director Stock Plan. (Exhibit 10(a)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
10(a)(6)	Supplemental Executive Retirement Agreement dated October 13, 1988, between the Company and Dale J. Wolf.
10(a)(7)	Form of Severance Compensation Agreement between UtiliCorp United Inc., and certain Executives of the Company.
*10(a)(8)	Executive Severance Payment Agreement (Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended September 30, 1993.)
*10(a)(9)	Temporary Contract Employee Agreement. (Exhibit 10(a)(10) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.)
*10(a)(10)	Split Dollar Agreement dated as of June 12, 1985, between the Company and James G. Miller. (Exhibit 10(a)(10) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.)
*10(a)(11)	Supplemental Retirement Agreement dated as of January 27, 1983, between the Company and James G. Miller. (Exhibit 10(a)(11) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.)
*10(a)(12)	Lease Agreement dated as of August 15, 1991, between Wilmington Trust Company, as Lessor, and the Company, as Lessee. (Exhibit 10(a)(13) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
10(a)(13)	UtiliCorp United Inc. Life Insurance Program for Officers.
11	Statement regarding Computation of Per Share Earnings.
21	Subsidiaries of the Company.
23	Consent of Arthur Andersen LLP.
27	Financial Data Schedule.

---

* Exhibits marked with an asterisk are incorporated by reference as indicated pursuant to Rule 12(b)-23.

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.

UTILICORP UNITED INC.

By: /s/Richard C. Green, Jr.
Richard C. Green, Jr. Chairman of the Board of Directors, Chief Executive Officer (Principal Executive Officer)

Date: February 21, 1996

Pursuant to the requirements of the Securities Exchange 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.

By: /s/Richard C. Green, Jr. Richard C. Green, Jr.	Chairman of the Board of Directors, Chief Executive Officer (Principal Executive Officer)
Date: February 21, 1996	
By: /s/Robert K. Green Robert K. Green	President and Director
Date: February 21, 1996	
By: /s/Dale J. Wolf Dale J. Wolf	Vice President Finance, Treasurer and Corporate Secretary (Principal Financial Officer)
Date: February 21, 1996	
By: /s/James S. Brook James S. Brook	Vice President (Principal Accounting Officer)
Date: February 21, 1996	
By: /s/John R. Baker John R. Baker	Director
Date: February 21, 1996	

By: /s/Avis G. Tucker
Avis G. Tucker — Director

Date: February 21, 1996

By: /s/Robert F. Jackson
Robert F. Jackson — Director

Date: February 21, 1996

By: /s/L. Patton Kline
L. Patton Kline — Director

Date: February 21, 1996

By: /s/Herman Cain
Herman Cain — Director

Date: February 21, 1996

By: /s/Irvine O. Hockaday, Jr.
Irvine O. Hockaday, Jr. — Director

Date: February 21, 1996

By: /s/Dr. Stanley O. Ikenberry
Dr. Stanley O. Ikenberry — Director

Date: February 21, 1996

</TEXT>
</DOCUMENT>

UTILICORP UNITED INC.

and

UMB BANK, N.A.,
Trustee

INDENTURE

Dated as of June 1, 1995

Junior Subordinated Debentures

Reconciliation and tie between Trust Indenture Act of 1939, as amended and Indenture, dated as of June 1, 1995

Trust Indenture Act Section		Indenture Section
SECTION 310(a)	....	609
(b)	....	608, 610
(c)	....	Not Applicable
SECTION 311(a)	....	613(a)
(b)	....	613(b)
(c)	....	Not Applicable
SECTION 312(a)	....	701, 702(a)
(b)	....	702(b)
(c)	....	702(c)
SECTION 313(a)	....	703(a)
(b)	....	703(b)
(c)	....	703(a), 703(b)
(d)	....	703(c)
SECTION 314(a)	....	704
(b)	....	Not Applicable
(c)	....	102
(d)	....	Not Applicable
(e)	....	102
SECTION 315(a)	....	601(a)
(b)	....	602, 703(a)(8)
(c)	....	601(b)
(d)	....	601(c)
(e)	....	514
SECTION 316(a)	....	502, 512, 513
(b)	....	508
(c)	....	104(e)
SECTION 317(a)	....	503, 504
(b)	....	1003
SECTION 318(a)	....	107

____

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS*

*NOTE: This table of contents shall not, for any purpose, be deemed to be a part of the Identure.

ARTICLE FOUR

ARTICLE FIVE

ARTICLE SIX

ARTICLE ELEVEN

ARTICLE TWELVE

ARTICLE THIRTEEN

INDENTURE, dated as of June 1, 1995, between UTILICORP UNITED INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 911 Main, Kansas City, Missouri 64105, and UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of certain of its junior subordinated debentures (herein called the "Debentures"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Debentures by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Debentures or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as applied in the United States and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or

permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized to authenticate and deliver Debentures on behalf of the Trustee pursuant to Section 614.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that Board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", means any day other than a day on which banking institutions in the Borough of Manhattan, the City and State of New York, as the case may be (depending on whether an office or agency of the Company is being maintained in either such borough, city or state with respect to the Debentures), are authorized or obligated by law to remain closed.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its President or a Vice President, or, if authorized by a power of attorney executed by any of such officers, by such other person as may be authorized in such power of attorney, and delivered to the Trustee.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which at the date hereof is The UMB Bank, N.A., 928 Grand Avenue, Kansas City, Missouri 64106.

"corporation" includes corporations, associations, companies and business trusts.

"Debenture" or "Debentures" has the meaning stated in the first recital of this Indenture and more particularly means any Debenture authenticated and delivered under this Indenture.

"Debenture Register" and "Debenture Registrar" have the respective meanings specified in Section 305.

"Defaulted Interest" has the meaning specified in Section 307.

"Depository" means, with respect to the Debentures of any series issuable or issued in whole or in part in the form of one or more Global Debentures, the Person designated as Depository by the Company pursuant to Section 301, which must be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and, if so provided pursuant to Section 301 with respect to the Debentures of a series, any successor to such Person. If at any time there is more than one such Person, "Depository" shall mean, with respect to any series of Debentures, the qualifying entity which has been appointed with respect to the Debentures of that series.

"Event of Default" has the meaning specified in Section 501.

"Global Debenture" means a Debenture evidencing all or part of a series of Debentures, issued to the Depository for such series or its nominee and registered in the name of such Depository or nominee.

"Guarantee" means any guarantee that the Company may enter into with UtiliCorp Capital or other Persons that operate directly or indirectly for the benefit of holders of limited partner interests issued by UtiliCorp Capital.

"Holder" means a Person in whose name a Debenture is registered in the Debenture Register.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Debentures established as contemplated by Section 301.

"Interest", when used with respect to an Original Issue Discount Debenture which by its terms bears interest only at Maturity, means interest payable at Maturity.

"Interest Payment Date", when used with respect to any Debenture, means the Stated Maturity of an installment of interest on such Debenture.

"Limited Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of UtiliCorp Capital L.P. dated as of June 12, 1995.

"Maturity", when used with respect to any Debenture, means the date on which the principal of such Debenture or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officers' Certificate" means a certificate signed by the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or regular counsel for the Company, or may be other counsel satisfactory to the Trustee.

"Original Issue Discount Debenture" means any Debenture which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding", when used with respect to Debentures, means, as of the date of determination, all Debentures theretofore authenticated and delivered under this Indenture, except:

(i) Debentures theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Debentures, or portions thereof, for whose payment or redemption fully available funds in the necessary amount has been irrevocably deposited with the Trustee or any Paying Agent (other than the

Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Debentures; PROVIDED that, if such Debentures are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Debentures which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Debentures have been authenticated and delivered pursuant to this Indenture, other than any such Debentures in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Debentures are held by a bona fide purchaser in whose hands such Debentures are valid obligations of the Company;

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Debentures have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (a) the principal amount of an Original Issue Discount Debenture that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, and (b) Debentures owned by the Company or any other obligor under the Debentures or any Affiliate of the Company or of such other obligor (unless the Company or such other obligor or an Affiliate of the Company or such other obligor owns all Outstanding Debentures) shall be disregarded and deemed not to be Outstanding, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Debentures which the Trustee knows to be so owned shall be so disregarded. Debentures so owned as described in (b) above which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Debentures and that the pledgee is not the Company or any other obligor upon the Debentures or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Debentures on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Debentures of any series, means the place or places where the principal of (and premium, if any) and interest, if any, on the Debentures of that series are payable as specified in or as contemplated by Section 301.

"Predecessor Debenture" of any particular Debenture means every previous Debenture evidencing all or a portion of the same debt as that evidenced by such particular Debenture; and, for the purposes of this definition, any Debenture authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Debenture shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Debenture.

"Preferred Securities" means the preferred securities issued from time to time by UtiliCorp Capital representing limited partner interests in UtiliCorp Capital.

"Redemption Date", when used with respect to any Debenture to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Debenture to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture, exclusive of accrued and unpaid interest.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Debentures of any series means the date specified for that purpose as contemplated by Section 301.

"Responsible Officer", when used with respect to the Trustee, means any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee, which in each case is assigned to its Corporate Trust Department, and also means, with respect to a particular corporate trust matter, any other officer or class of officer authorized by resolution of the board of the Trustee, or any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Senior Indebtedness" of the Company means the principal of, premium, if any, interest on and any other payment due pursuant to any of the following, whether outstanding at the date of execution of this Indenture or thereafter incurred, created or assumed: (a) all indebtedness of the Company evidenced by notes, debentures, bonds, or other securities sold by the Company for money, (b) all indebtedness of others of the kinds described in the preceding clause (a) assumed by or guaranteed in any manner by the Company or in effect guaranteed by the Company through an agreement to purchase, contingent or otherwise, and (c) all renewals, extensions or refundings of indebtedness of the kinds described in any of the preceding clauses (a) and (b);

unless, in the case of any particular indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Debentures.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity", when used with respect to any Debenture or any installment of principal thereof or interest thereon, means the date specified in such Debenture as the date on which the principal of such Debenture or such installment of principal or interest is due and payable.

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Debentures of any series shall mean the Trustee with respect to Debentures of that series.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905.

"U.S. Government Obligations" means direct obligations of the United States for the payment of which its full faith and credit is pledged, or obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States and the payment of which is unconditionally guaranteed by the United States, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of a holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"UtiliCorp Capital" means UtiliCorp Capital L.P., a Delaware limited partnership.

"Vice President", when used with respect to the Company or the Trustee, means any vice president or assistant vice president, whether or not designated by a number or a word or words added before or after the title "vice president" or "assistant vice president".

SECTION 102. COMPLIANCE CERTIFICATES AND OPINIONS.

Except as otherwise expressly provided by this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than the Certificate provided pursuant to Section 704(4)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with;

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with; and

(5) a statement that no Event of Default exists under this Indenture.

SECTION 103. FORM OF DOCUMENTS DELIVERED TO TRUSTEE.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. ACTS OF HOLDERS.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in Person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company.

Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

Without limiting the generality of the foregoing, unless otherwise established in or pursuant to a Board Resolution or set forth or determined in an Officers' Certificate, or established in one or more indentures supplemental hereto, pursuant to Section 301, a Holder, including a Depository that is a Holder of a Global Debenture, may make, give or take, by a proxy, or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and a Depository that is a Holder of a Global Debenture may provide its proxy or proxies to the beneficial owners of interests in any such Global Debenture through such Depository's standing instructions and customary practices.

(b) The fact and date of the execution by any Person of any such instrument, writing or proxy may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument, writing or proxy acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument, writing or proxy, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Debentures shall be proved by the Debenture Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Debenture shall bind every future Holder of the same Debenture and the Holder of every Debenture issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Debenture.

(e) If the Company shall solicit from the Holders of any series any request, demand, authorization, direction, notice, consent, waiver or other action, the Company may, at its option, as evidenced by an Officers' Certificate, fix in advance a record date for such series for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after the record date, but only the Holders of record at the close of business on the record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Debentures of that series have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the outstanding Debentures of that series shall be computed as of the record date; provided that no such authorization, agreement or consent by such Holders on the record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

SECTION 105. NOTICES, ETC., TO TRUSTEE AND COMPANY.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee upon receipt at its Corporate Trust Office, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class mail postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. NOTICE TO HOLDERS; WAIVER.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Debenture Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. CONFLICT WITH TRUST INDENTURE ACT.

If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

SECTION 108. EFFECT OF HEADINGS AND TABLE OF CONTENTS.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. SEPARABILITY CLAUSE.

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. BENEFITS OF INDENTURE.

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. GOVERNING LAW.

This Indenture and the Debentures shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 113. LEGAL HOLIDAYS.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Debenture shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Debentures) payment of interest, if any, or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day with the same force and effect as if made on such date.

ARTICLE TWO

DEBENTURE FORMS

SECTION 201. FORMS GENERALLY.

The Debentures of each series shall be in substantially the form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officer or officers executing such Debentures, as evidenced by the officer's or officers' execution of the Debentures. If the form of Debentures of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or Assistant Secretary of the Company, or any other authorized officer of the Company, and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Debentures.

The Trustee's certificates of authentication shall be in substantially the form set forth in this Article.

The definitive Debentures shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officer or officers executing such Debentures, as evidenced by the officer's or officers' execution of such Debentures.

ARTICLE THREE

THE DEBENTURES

SECTION 301. AMOUNT UNLIMITED; ISSUABLE IN SERIES.

The aggregate principal amount of Debentures which may be authenticated and delivered under this Indenture is unlimited.

The Debentures may be issued in one or more series up to the aggregate principal amount of Debentures of that series from time to time authorized by or pursuant to a Board Resolution or pursuant to one or more indentures supplemental hereto. There shall be established in or pursuant to a Board Resolution, and, subject to Section 303, set forth or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Debentures of any series:

(1) the title of the Debentures of the series (which shall distinguish the Debentures of the series from all other Debentures);

(2) any limit upon the aggregate principal amount of the Debentures of the series which may be authenticated and delivered under this Indenture (except for Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Sections 304, 305, 306, 906, or 1107 and except for any Debentures which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Debenture of the series shall be payable, if other than the Person in whose name the Debenture (or one or more Predecessor Debentures) is registered at the close of business on the regular Record Date for such interest;

(4) the date or dates on which the principal of the Debentures of the series is payable;

(5) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date for the interest payable on any Interest Payment Date;

(6) the right, if any, to extend the interest payment periods and the duration of such extension;

(7) the place or places, if any, in addition to or in the place of the office of the Trustee in New York, New

York, where the principal of and premium, if any, and interest, if any, on Debentures of the series shall be payable and where such Debentures may be registered or transferred;

(8) the period or periods within which, the price or prices at which and the terms and conditions upon which Debentures of the series may be redeemed, in whole or in part, at the option of the Company;

(9) the obligation, if any, of the Company to redeem or purchase Debentures of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof, and the period or periods within which, the price or prices at which and the terms and conditions upon which Debentures of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(10) the form of the Debentures of the series including the form of certificate of authentication for such series;

(11) if other than denominations of $25 or any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;

(12) if other than the principal amount thereof, the portion of the principal amount of Debentures of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(13) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency, including composite currencies such as the European Currency Unit, in which payment of the principal of (and premium, if any) and interest, if any, on the Debentures of the series shall be payable;

(14) if the principal of and premium, if any, or interest, if any, on the Debentures of the series are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Debentures are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(15) if the amount of payments of principal of and premium, if any, or interest, if any, on the Debentures of the series may be determined with reference to an index based on a coin or currency other than that in which the Debentures are stated to be payable, the manner in which such amounts shall be determined;

(16) any provisions permitted by this Indenture relating to Events of Default or covenants of the Company with respect to such series of Debentures; and

(17) if the Debentures of the series shall be issued in whole or in part in the form of one or more Global Debentures, (i) whether beneficial owners of interests in any such Global Debenture may exchange such interests for Debentures of such series of like tenor and of authorized form and denomination and the circumstances under which any such changes may occur, if other than in the manner provided in Section 305 and (ii) the Depository for such Global Debenture or Debentures; and

(18) any and all other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series, including the form of Debenture of such series, are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary or other authorized officer of the Company, and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such series of Debentures.

SECTION 302. DENOMINATIONS.

The Debentures of each series shall be issuable in registered form without coupons, except as otherwise expressly provided in a supplemental indenture hereto, in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Debentures of any series, the Debentures of such series shall be issuable in denominations of $25 or in integral multiples thereof.

SECTION 303. EXECUTION, AUTHENTICATION, DELIVERY AND DATING.

The Debentures shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon, and which need not be attested. The Debentures of any series shall be executed by such additional officer, if any, as shall be specified pursuant to Section 301. The signature of any of these officers on the Debentures may be manual or facsimile.

Debentures bearing the manual or facsimile signature of any individual who was at any time the proper officer of the Company shall bind the Company, notwithstanding that such individual has ceased to hold such office prior to the authentication and delivery of such Debentures or did not hold such office at the date of authentication of such Debentures.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Debentures of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Debentures, and the Trustee in accordance with the Company Order shall authenticate and deliver such Debentures. If the form or terms of the Debentures of the series have been established in or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Debentures, and accepting the additional responsibilities under this Indenture in relation to such Debentures, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating,

(a) if the form of such Debentures has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(b) if the terms of such Debentures have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(c) that such Debentures, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Debentures if the issue of such Debentures pursuant to this Indenture will affect the Trustee's own rights, duties, protections or immunities under the Debentures and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Debentures of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Debenture of such series if such documents are delivered at or prior to the time of authentication upon original issuance of the first Debenture of such series to be issued.

Each Debenture shall be dated the date of its authentication.

No Debenture shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Debenture a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Debenture shall be conclusive evidence, and the only evidence, that such Debenture has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Debenture shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Debenture to the Trustee for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Debenture has never been issued and sold by the Company, for all purposes of this Indenture such Debenture shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. TEMPORARY DEBENTURES.

Pending the preparation of definitive Debentures of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Debentures which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Debentures in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officer or officers executing such Debentures may determine, as evidenced by their execution of such Debentures.

If temporary Debentures of any series are issued, the Company will cause definitive Debentures of that series to be prepared without unreasonable delay. After the preparation of definitive Debentures of such series, the temporary Debentures of such series shall be exchangeable for definitive Debentures of such series upon surrender of the temporary Debentures of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Debentures of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Debentures of the same series and of like tenor of authorized denominations. Until so exchanged the temporary Debentures of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Debentures of such series.

SECTION 305. REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Debenture Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Debentures and of transfers of Debentures. The Trustee is hereby appointed "Debenture Registrar" for the purpose of registering Debentures and transfers of Debentures as herein provided.

Upon surrender for registration of transfer of any Debenture of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Debentures of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, any Debenture or Debentures of any series, other than a Global Debenture may be exchanged for other Debentures of the same series, of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Debentures to be exchanged at such office or agency. Whenever any Debentures are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Debentures which the Holder making the exchange is entitled to receive.

All Debentures issued upon any registration of transfer or exchange of Debentures shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Debentures surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 301, a Global Debenture of any series shall be exchangeable pursuant to this Section for Debentures registered in the names of Persons other than the Depository with respect to such series or its nominee only as provided in this paragraph. A Global Debenture shall be exchangeable pursuant to this Section if (x) such Depository notifies the Company that it is unwilling or unable to continue as Depository for such series or at any time ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934 and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, (y) the Company executes and delivers to the Trustee an Officers' Certificate providing that such Global Debenture shall be so exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Debentures of such series. Debentures so issued in exchange for a Global Debenture shall be of the same series, of like tenor, in authorized denominations and in the aggregate having the same principal amount as the Global Debenture to be exchanged, and shall be registered in such names as the Depository for such Global Debenture shall direct.

Notwithstanding any other provision of this Section, a Global Debenture may not be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any nominee to a successor of such Depository or a nominee of such successor.

Every Debenture presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Debenture Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to the Holder for any registration of transfer or exchange of Debentures, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Debentures, other than exchanges pursuant to Sections 304, 906 or 1107 not involving any transfer, including any penalty for failure to provide requested tax information.

The Company shall not be required (i) to issue, register the transfer of or exchange Debentures of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Debentures of that series selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Debenture so selected for redemption in whole or in part, except the unredeemed portion of any Debenture being redeemed in part.

SECTION 306. MUTILATED, DESTROYED, LOST AND STOLEN DEBENTURES.

If any mutilated Debenture is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Debenture of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Debenture and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Debenture has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Debenture, a new Debenture of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Debenture has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Debenture, pay such Debenture.

Upon the issuance of any new Debenture under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Debenture of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Debenture shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Debenture shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Debentures of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Debentures.

SECTION 307. PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED.

Interest on any Debenture which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Debenture (or one or more Predecessor Debentures) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Debenture of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Debentures of such series (or their respective Predecessor Debentures) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Debenture of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail postage prepaid, to each Holder of Debentures of such series at his address as it appears in the Debenture Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Debentures of such series (or their respective Predecessor Debentures) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Debentures of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Debentures may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Debenture delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Debenture shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Debenture.

SECTION 308. PERSONS DEEMED OWNERS.

Prior to due presentment of a Debenture for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Debenture is registered in the Debenture Register maintained by the Trustee as the owner of such Debenture for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest, if any, on such Debenture and for all other purposes whatsoever, whether or not such Debenture be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary. All such payments so made to any such Person, or upon such Person's order, shall be valid, and, to the extent of the sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Debenture.

No holder of any beneficial interest in any Global Debenture held on its behalf by a Depository shall have any rights under this Indenture with respect to such Global Debenture, and such Depository may be treated by the Company, the Trustee, and any agent of the Corporation or the Trustee as the owner of such Global Debenture for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall impair, as between a Depository and such holders of beneficial interests, the operation of customary practices governing the exercise of the rights of the Depository as holder of any Debenture.

SECTION 309. CANCELLATION.

All Debentures surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Debentures previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Debentures so delivered shall be promptly cancelled by the Trustee. No Debentures shall be authenticated in lieu of or in exchange for any Debentures cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Debentures held by the Trustee shall be disposed of as directed by a Company Order and in accordance with Securities and Exchange Commission or other applicable regulation pertaining to retention of cancelled securities.

SECTION 310. COMPUTATION OF INTEREST.

Except as otherwise specified as contemplated by Section 301 for Debentures of any series, interest, if any, on the Debentures of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. SATISFACTION AND DISCHARGE OF INDENTURE.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Debentures herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either (A) all Debentures theretofore authenticated and delivered (other than (i) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Debentures for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Debentures not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, or

(iv) are deemed paid and discharged pursuant to Section 403, as applicable,

and the Company, in the case of (i), (ii), (iii) or (iv) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount of (a) money in the currency or units of currency in which such Debentures are payable, or (b) in the case of (ii) or (iii) above and (except as provided in an indenture supplemental hereto) if no Debentures of any series Outstanding are subject to repurchase at the option of Holders (I) U.S. Government Obligations (denominated in the same currency or units of currency in which such Debentures are payable) which through the payment of interest and principal in respect thereof in accordance with their terms will provide not later than one day before the Stated Maturity or Redemption Date, as the case may be, money in an amount, or (II) a combination of money or U.S. Government Obligations as provided in (I) above, in each case, sufficient to pay and discharge the entire indebtedness on such Debentures not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Debentures which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section or if money or U.S. Government Obligations shall have been deposited with or received by the Trustee pursuant to Section 403, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. APPLICATION OF TRUST MONEY.

(a) Subject to the provisions of the last paragraph of Section 1003, all money or U.S. Government Obligations deposited with the Trustee pursuant to Section 401, 403 or 1008 and all money received by the Trustee in respect of U.S. Government Obligations deposited with the Trustee pursuant to Section 401, 403 or 1008, shall be held in trust and applied by it, in accordance with the provisions of the Debentures and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with or received by the Trustee or to make mandatory sinking fund payments or analogous payments as contemplated by Section 401, 403 or 1008.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against U.S. Government Obligations deposited pursuant to Section 401, 403 or 1008 or the interest and principal received in respect of such obligations other than any payable by or on behalf of Holders.

(c) The Trustee shall deliver or pay to the Company from time to time upon Company Request any U.S. Government Obligations or money held by it as provided in Section 401, 403 or 1008 which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such U.S. Government Obligations or money was deposited or received. This provision shall not authorize the sale by the Trustee of any U.S. Government Obligations held under this Indenture.

SECTION 403. SATISFACTION, DISCHARGE AND DEFEASANCE OF DEBENTURES OF ANY SERIES.

The Company shall be deemed to have paid and discharged the entire indebtedness on all the Outstanding Debentures of any series on the 91st day after the date of the deposit referred to in subparagraph (e) hereof, and the provisions of this Indenture, as it relates to such Outstanding Debentures of such series, shall no longer be in effect (and the Trustee, at the expense of the Company, shall at Company Request execute proper instruments acknowledging the same), except as to:

(a) the rights of Holders of Debentures of such series to receive, from the trust funds described in subparagraph (e) hereof, (i) payment of the principal of (and premium, if any) and each installment of principal of (and premium, if any) or interest, if any, on the Outstanding Debentures of such series on the Stated Maturity of such principal or installment of principal or interest or to and including the Redemption Date irrevocably designated by the Company pursuant to subparagraph (i) hereof and (ii) the benefit of any mandatory sinking fund payments applicable to the Debentures of such series on the day of which such payments are due and payable in accordance with the terms of this Indenture and the Debentures of such series;

(b) the Company's obligations with respect to such Debentures of such series under Sections 305, 306, 1002 and 1003, if the Company shall have irrevocably designated a Redemption Date pursuant to subparagraph (i) hereof, Sections 1101, 1104 and 1106 as they apply to such Redemption Date;

(c) the Company's obligations with respect to the Trustee under Section 607; and

(d) the rights, powers, trust and immunities of the Trustee hereunder and the duties of the Trustee under Section 402 and, if the Company shall have irrevocably designated a Redemption Date pursuant to subparagraph (i) hereof, Article Eleven and the duty of the Trustee to authenticate Debentures of such series on registration of transfer or exchange;

PROVIDED that, the following conditions shall have been satisfied:

(e) the Company has deposited or caused to be irrevocably deposited (except as provided in Section 402(c) and the last paragraph of Section 1003) with the Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Debentures of such series, (i) money, in the currency or units of currency in which such Debentures are payable, in an amount, or (ii) (except as provided in a supplemental indenture with respect to such series) if Debentures of such series are not subject to repurchase at the option of Holders, (A) U.S. Government Obligations (denominated in the same currency or units of currency in which such Debentures are payable) which through the payment of interest and principal in respect thereof in accordance with their terms will provide not later than one day before the due date of any payment referred to in clause (x) or (y) of this subparagraph (e) money in an amount or (B) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge (x) the principal of (and premium, if any) and each installment of principal (and premium, if any) and interest, if any, on the Outstanding Debentures of such series on the Stated Maturity of such principal or installment of principal or interest or to and including the Redemption Date irrevocably designated by the Company pursuant to subparagraph (i) hereof and (y) any mandatory sinking fund payments applicable to the Debentures of such series on the day on which such payments are due and payable in accordance with the terms of this Indenture and of the Debentures of such series;

(f) the Company has delivered to the Trustee an Opinion of Counsel to the effect that such provision would not cause any Outstanding Debentures of such series then listed on any national securities exchange to be delisted as a result thereof;

(g) no Event of Default or event which with notice or lapse of time would become an Event of Default (including by reason of such deposit) with respect to the Debentures of such series shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date;

(h) the Company has delivered to the Trustee an unqualified opinion, in form and substance satisfactory to the Trustee, of independent counsel selected by the Company and satisfactory to the Trustee to the effect that (i) Holders of the Debentures will not recognize income, gain or loss for Federal income tax purposes as a result of the deposit, defeasance and discharge and will be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if that deposit, defeasance and discharge had not occurred and (ii) the defeasance trust is not, or is registered as, an investment company under the Investment Company Act of 1940;

(i) if the Company has deposited or caused to be deposited money or U.S. Government Obligations to pay or discharge the principal of (and premium, if any) and interest, if any, on the Outstanding Debentures of a series to and including a Redemption Date on which all of the Outstanding Debentures of such series are to be redeemed, such Redemption Date shall be irrevocably designated by a Board Resolution delivered to the Trustee on or prior to the date of deposit of such money or U.S. Government Obligations, and such Board Resolution shall be accompanied by an irrevocable Company Request that the Trustee give notice of such redemption in the name and at the expense of the Company not less than 30 nor more than 60 days prior to such Redemption Date in accordance with Section 1104; and

(j) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the Debentures have been complied with.

ARTICLE FIVE

REMEDIES

SECTION 501. EVENTS OF DEFAULT.

"Event of Default", wherever used herein with respect to Debentures of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be affected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Debenture of that series when it becomes due and payable, and continuance of such default for a period of 10 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Debenture of that series at its Maturity upon redemption, by declaration or otherwise; or

(3) default in the payment of any sinking fund installment, when and as due by the terms of a Debenture of that series; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Debentures other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Debentures of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under applicable United States Federal or State law, appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary

case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) so long as any series of Debentures issued in connection with the application of the proceeds from the issuance and sale of a series of Preferred Securities of UtiliCorp Capital remain outstanding, UtiliCorp Capital shall have dissolved, wound up its business or otherwise terminated its existence except in connection with the distribution of Debentures to limited partners of UtiliCorp Capital in liquidation of their interest in UtiliCorp Capital and in connection with certain mergers, consolidations, amalgamations, replacements, conveyances, transfers or leases permitted by the Limited Partnership Agreement.

SECTION 502. ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT.

If an Event of Default with respect to Debentures of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in aggregate principal amount of the Outstanding Debentures of that series may declare the principal amount (or, if any of the Debentures of that series are Original Issue Discount Debentures, such portion of the principal amount of such Debentures as may be specified in the terms thereof) of all of the Debentures of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Debentures of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Debentures of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest, if any, on all Debentures of that series,

(B) the principal of and premium, if any, on any Debentures of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Debentures,

(C) to the extent that payment of such interest is lawful, interest upon any overdue interest at the rate or rates prescribed therefor in such Debentures, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Debentures of that series, other than the non-payment of the principal of and accrued interest on Debentures of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Debentures shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Original Issue Discount Debentures shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Debentures.

SECTION 503. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

The Company covenants that if

(1) default is made in the payment of any interest on any Debenture when such interest becomes due and payable, or in any payment required by any sinking fund with respect to that series, and such default continues for a period of 10 days, or

(2) default is made in the payment of the principal of or premium, if any, on any Debenture at the Maturity, upon redemption, by declaration or otherwise, thereof,

the Company will, upon written demand of the Trustee, pay to it, for the benefit of the Holders of such Debentures, the whole amount then due and payable on such Debentures for principal (and premium, if any) and interest, if any, and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Debentures, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Debentures and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Debentures, wherever situated.

If any Event of Default with respect to Debentures of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Debentures of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights.

SECTION 504. TRUSTEE MAY FILE PROOFS OF CLAIM.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Debentures or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Debentures shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Debentures and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Debentures or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF DEBENTURES.

All rights of action and claims under this Indenture or the Debentures may be prosecuted and enforced by the Trustee without the possession of any of the Debentures or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Debentures in respect of which such judgment has been recovered.

SECTION 506. APPLICATION OF MONEY COLLECTED.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order with respect to the Debentures of any series, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Debentures and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: In case the principal and premium, if any, of the Debentures of such series in respect of which moneys have been collected shall not have become and be then due and payable, to the payment of interest, if any, on the Debentures of such series in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee and to the extent permitted by law) upon the overdue installments of interest at the rate prescribed therefor in such Debentures, such payments to be made ratably to the Persons entitled thereto, without discrimination or preference;

THIRD: In case the principal or premium, if any, of the Debentures of such series in respect of which moneys have been collected shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Debentures of such series for principal and premium, if any, and interest, if any, with interest upon the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee and to the extent permitted by law) upon overdue installments of interest at the rate prescribed therefor in the Debentures of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Debentures of such series, then to the payment of such principal and any premium and interest, without preference or priority of principal over interest, or of interest over principal or premium, or of any installment of interest over any other installment of interest, or of any Debenture of such series over any other Debenture of such series, ratably to the aggregate of such principal and any premium and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Company or any other Person lawfully entitled thereto.

SECTION 507. LIMITATION ON SUITS.

No Holder of any Debenture of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Debentures of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Debentures of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity agreeable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Debentures of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

SECTION 508. UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST.

Notwithstanding any other provision in this Indenture, the Holder of any Debenture shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest, if any, on such Debenture on the Stated Maturity or Maturities expressed in such Debenture (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. RESTORATION OF RIGHTS AND REMEDIES.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. RIGHTS AND REMEDIES CUMULATIVE.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Debentures in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. DELAY OR OMISSION NOT WAIVER.

No delay or omission of the Trustee or of any Holder of any Debentures to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. CONTROL BY HOLDERS.

The Holders of a majority in principal amount of the Outstanding Debentures of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debentures of such series, PROVIDED that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. WAIVER OF PAST DEFAULTS.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Debentures of any series affected thereby may on behalf of the Holders of all the Debentures of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or premium, if any, or interest, if any, on any Debenture of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Debenture of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. UNDERTAKING FOR COSTS.

All parties to this Indenture agree, and each Holder of any Debenture by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Debentures of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or premium, if any, or interest, if any, on any Debenture on or after the Stated Maturity or Maturities expressed in such Debenture (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. WAIVER OF STAY OR EXTENSION LAWS.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. CERTAIN DUTIES AND RESPONSIBILITIES.

(a) Except during the continuance of an Event of Default with respect to the Debentures of any series,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Debentures of any series, determined as provided in Section 512, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Debentures of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. NOTICE OF DEFAULTS.

Within 90 days after the occurrence of any default hereunder with respect to the Debentures of any series, the Trustee shall transmit by mail, first class postage prepaid, to all Holders of Debentures of such series, as their names and addresses appear in the Debenture Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; PROVIDED, HOWEVER, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest, if any, on any Debenture of such series or in the payment of any sinking fund installment with respect to Debentures of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Debentures of such series; and PROVIDED, FURTHER, that in the case of any default of the character specified in Section 501(4) with respect to Debentures of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Debentures of such series.

SECTION 603. CERTAIN RIGHTS OF TRUSTEE.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order or as otherwise expressly provided herein and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to expend or risk its own funds or to exercise, at the request or direction of any of the Holders, any of the rights or powers vested in it by this Indenture pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled upon reasonable request to examine the books, records and premises of the Company, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

SECTION 604. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF DEBENTURES.

The recitals contained herein and in the Debentures, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Debentures. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Debentures or the proceeds thereof.

SECTION 605. MAY HOLD DEBENTURES.

The Trustee, any Authenticating Agent, any Paying Agent, any Debenture Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Debentures and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Debenture Registrar or such other agent.

SECTION 606. MONEY HELD IN TRUST.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. COMPENSATION AND REIMBURSEMENT.

(a) The Company agrees

(1) to pay to the Trustee from time to time such compensation as is agreed upon in writing, or, if no such agreement exists, reasonable compensation for all services

rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel, which compensation, expenses and disbursements shall be set forth in sufficient detail), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

(b) The obligations of the Company under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Debentures upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Debentures.

SECTION 608. DISQUALIFICATION; CONFLICTING INTERESTS.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Debentures of any series, and if the default to which such conflicting interest relates has not been cured, duly waived or otherwise eliminated, within 90 days after ascertaining that it has such conflicting interest, it shall either eliminate such conflicting interest, except as otherwise provided herein, or resign with respect to the Debentures of that series in the manner and with the effect hereinafter specified in this Article and the Company shall promptly appoint a Successor Trustee in the manner provided herein.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section with respect to the Debentures of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail, first class postage prepaid, to all Holders of Debentures of that series, as their names and addresses appear in the Debenture Register, notice of such failure.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Debentures of any series if a default has occurred and is continuing and:

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Debentures of any series other than that series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Debentures issued under this Indenture, PROVIDED that there shall be excluded from the operation of this paragraph this Indenture with respect to the Debentures of any series other than that series or any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and rank equally and such other indenture or indentures (and such series) are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Debentures of that series and one or more other series or the provisions of such other indenture or indentures (or such series) which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Debentures of that series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Debentures of that series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Debentures of that series and such other series or under such other indenture or indentures;

(2) the Trustee or any of its directors or executive officers is an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) of the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by an underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depository, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such Persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such Persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company, not including the Debentures issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5% or more of the voting securities of any Person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any Person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company;

(9) the Trustee owns, on the date of default upon the Debentures of any series or any anniversary of such default while such default upon the Debentures issued under this Indenture remains outstanding, in the capacity of executor, administrator, testamentary or INTER VIVOS trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any Person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after the dates of any default upon the Debentures issued under this Indenture and annually in each succeeding year that the Debentures issued under this Indenture remain in default, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such dates. If the Company fails to make payment in full of the principal of (or premium, if any) or interest, if any, on any of the Debentures when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection; or

(10) except under the circumstances described in paragraphs (1), (3), (4), (5) or (6) of this Subsection, the Trustee shall be or shall become a creditor of the Company.

For purposes of paragraph (1) of this Subsection, and of Section 513, the term "series of securities" or "series" means a series, class or group of securities issuable under an indenture pursuant to whose terms holders of one such series may vote to direct the indenture trustee, or otherwise take action pursuant to a vote of such holders, separately from holders of another such series; provided, that "series of securities" or "series" shall not include any series of securities issuable under an indenture if all such series rank equally and are wholly unsecured.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depository, or in any similar representative capacity.

(d) For the purposes of this Section:

(1) The term "underwriter", when used with reference to the Company, means every person who, within one year prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" means any obligor upon the Debentures.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following

securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

PROVIDED, HOWEVER, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; PROVIDED, HOWEVER, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and PROVIDED, FURTHER, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

(f) Except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Debentures issued under this Indenture, or in the payment of any sinking or analogous fund installment, the Trustee shall not be required to resign as provided by this Subsection if such Trustee shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that (i) the default under the Indenture may be cured or waived during a reasonable period and under the procedures described in such application and (ii) a stay of the Trustee's duty to resign will not be inconsistent wit the interests of the Holders. The filing of such an application shall automatically stay the performance of the duty to resign until the Commission orders otherwise.

Any resignation of the Trustee shall become effective upon the appointment of a successor trustee and such successor's acceptance of such an appointment.

SECTION 609. CORPORATE TRUSTEE REQUIRED; ELIGIBILITY.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Company may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Company, serve as Trustee. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect hereinafter specified in this Article.

SECTION 610. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Debentures of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Debentures of such series.

(c) The Trustee may be removed at any time with respect to the Debentures of any series by Act of the Holders of a majority in principal amount of the Outstanding Debentures of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or by

any Holder who has been a bona fide Holder of a Debenture for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Debentures, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Debenture for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Debentures and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Debentures of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Debentures of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Debentures of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Debentures of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Debentures of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Debentures of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Debentures of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Debentures of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Debenture of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Debentures of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Debentures of any series and each appointment of a successor Trustee with respect to the Debentures of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Debentures of such series as their names and addresses appear in the Debenture Register. Each notice shall include the name of the successor Trustee with respect to the Debentures of such series and the address of its Corporate Trust Office.

SECTION 611. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Debentures, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Debentures of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Debentures of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Debentures of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Debentures, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Debentures of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such

Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Debentures of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Debentures of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, PROVIDED such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Debentures shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Debentures so authenticated with the same effect as if such successor Trustee had itself authenticated such Debentures.

SECTION 613. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within three months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Debentures and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such three months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such three months' period, or an amount equal to the proceeds of any such property, if disposed of, SUBJECT, HOWEVER, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such three months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such three months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within three months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such three months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such three months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such three months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such three months' period; and

(ii) such receipt of property or reduction of claim occurred within three months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of (or premium, if any) or interest on any of the Debentures or upon the other indenture securities when and as such principal (or premium, if any) or interest becomes due and payable;

(2) the term "other indenture securities" means securities upon which the Company is an obligor (as defined in the Trust Indenture Act) outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term "Company" means any obligor upon the Debentures; and

(6) the term "Federal Bankruptcy Act" means the Bankruptcy Code or Title 11 of the United States Code.

SECTION 614. AUTHENTICATING AGENTS.

From time to time the Trustee, in its sole discretion, may appoint one or more Authenticating Agents with respect to one or more series of Debentures with power to act on the Trustee's behalf and subject to its direction in the authentication and delivery of Debentures of such series or in connection with transfers and exchanges under Sections 304, 305, 306, and 1107 as fully to all intents and purposes as though the Authenticating Agent had been expressly authorized by those Sections of this Indenture to authenticate and deliver Debentures of such series. For all purposes of this Indenture, the authentication and delivery of Debentures by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of such Debentures "by the Trustee". Each such Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal, State or District of Columbia authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which any Authenticating Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation or to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

An Authenticating Agent may resign at any time by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time the Trustee shall have actual knowledge that any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail notice of such appointment to all Holders of Debentures of the series with respect to which such Authenticating Agent will serve, as the names and addresses of such Holders appear on the Debenture Register. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

The Trustee shall incur no liability for the appointment of any Authenticating Agent with respect to the Debentures of one or more series or for any misconduct or negligence of such Authenticating Agent, including without limitation, its authentication of the Debentures upon original issuance or pursuant to Section 306. In the event the Trustee does incur liability for any such misconduct or negligence of the Authenticating Agent, the Company agrees to indemnify the Trustee for, and hold it harmless against, any such liability, including the costs and expenses of defending itself against any liability in connection with such misconduct or negligence of the Authenticating Agent.

If an appointment with respect to one or more series of Debentures is made pursuant to this Section, the Debentures of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Debentures of the series designated herein referred to in the within-mentioned Indenture.

By___________________________________
As Trustee

By___________________________________
As Authenticating Agent

By___________________________________
Authorized Officer

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. COMPANY TO FURNISH TRUSTEE NAMES AND ADDRESSES OF HOLDERS.

The Company, will furnish or cause to be furnished to the Trustee with respect to the Debentures of each series

(a) monthly, on each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; PROVIDED, HOWEVER, that so long as the Trustee is Debenture Registrar for any series of Debentures, no such list shall be required to be furnished with respect to any such series.

SECTION 702. PRESERVATION OF INFORMATION; COMMUNICATIONS TO HOLDERS.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Debenture Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If three or more Holders (herein referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Debenture for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Indenture or under the Debentures and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail, first class postage prepaid, to each Holder whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 702(a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interest of the Holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail, first class postage prepaid, copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Debentures, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

SECTION 703. REPORTS BY TRUSTEE.

(a) On or before July 15 in each year in which any of the Debentures are outstanding, the Trustee shall transmit by mail, first class postage prepaid, to the Holder, as their names and addresses appear upon the Debenture Register, a brief report dated as of the preceding May 15, with respect to any of the following events which may have occurred within the previous twelve months (but if no such event has occurred within such period no report need be transmitted):

(1) any change to its eligibility under Section 609 and its qualifications under Section 608;

(2) the creation of or any material change to a relationship specified in paragraphs (1) through (10) of subsection (c) of Section 608;

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Debentures, on any property or funds held or collected by it as Trustee if such advances so remaining unpaid aggregate more than 1/2 of 1% of the principal amount of the Debentures outstanding on the date of such report;

(4) any change to the amount, interest rate, and maturity date of all other indebtedness owing by the Company, or by any other obligor on the Debentures, to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in Section 613(b) (2), (3), (4) or (6);

(5) any change to the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(6) any change to any release, or release and substitution, of property subject to the lien of this Indenture (and the consideration thereof, if any) which the Trustee has not previously reported;

(7) any additional issue of Debentures which the Trustee has not previously reported; and

(8) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Debentures or the Debentures of any series, except any action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 602.

(b) The Trustee shall transmit by mail, first class postage prepaid, to all Holders, as their names and addresses appear in the Debenture Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Debentures, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Debentures Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Debentures are listed, with the Commission and with the Company. The Company will notify the Trustee when any Debentures are listed on any stock exchange.

SECTION 704. REPORTS BY COMPANY.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(3) transmit by mail, first class postage prepaid, to all Holders, as their names and addresses appear in the

Debenture Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission; and

(4) furnish to the Trustee, on or before May 15 in each calendar year in which any of the Debentures are outstanding, or on or before such other day in each calendar year as the Company and the Trustee may from time to time agree upon, a certificate as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Subsection, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, SALE OR LEASE

SECTION 801. COMPANY MAY CONSOLIDATE, ETC., ONLY ON CERTAIN TERMS.

The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) in case the Company shall consolidate with or merge into another corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Debentures and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or

such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) if, as a result of any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the Company would become subject to a mortgage, pledge, lien, security interest or other encumbrance which would not be permitted by this Indenture, the Company or such successor corporation or Person, as the case may be, shall take such steps as shall be necessary effectively to secure the Debentures equally and ratably with (or prior to) all indebtedness secured thereby; and

(4) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. SUCCESSOR CORPORATION TO BE SUBSTITUTED.

Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS.

Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Debentures;

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Debentures (and if such covenants are to be for the benefit of less than all series of Debentures, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company;

(3) to add any additional Events of Default;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Debentures in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Debentures in uncertificated form, or to permit or facilitate the issuance of extendible Debentures;

(5) to change or eliminate any of the provisions of this Indenture, PROVIDED that any such change or elimination shall become effective only as to the Debentures of any series created by such supplemental indenture and Debentures of any series subsequently created to which such change or elimination is made applicable by the subsequent supplemental indenture creating such series;

(6) to secure the Debentures;

(7) to establish the form or terms of Debentures of any series as permitted by Sections 201 and 301;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Debentures of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b);

(9) to provide for any rights of the Holders of Debentures of any series to require the repurchase of Debentures of such series by the Company;

(10) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this

Indenture, PROVIDED such action shall not adversely affect the interests of the Holders of Debentures of any series in any material respect; or

(11) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to Holders, which does not involve a change described in clause (1), (2) or (3) of Section 902 hereof and which, in the judgment of the Trustee, is not to the prejudice of the Trustee, including, without limitation, to provide for the duties, responsibilities and compensation of the Trustee as a transfer agent in the event one registered Debenture of any series is issued in the aggregate principal amount of all Outstanding Debentures of such series in which Holders will hold an interest.

SECTION 902. SUPPLEMENTAL INDENTURES WITH CONSENT OF HOLDERS.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Debentures of all series affected by such supplemental indenture (voting as one class), by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Debentures of such series under this Indenture; PROVIDED, HOWEVER, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Debenture affected thereby,

(1) change the Stated Maturity (whether fixed by its terms or by its terms extendible at the option of the Company) of the principal of, or any installment of principal of or interest, if any, on, any Debenture, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Debenture that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Debenture or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Debentures of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or

certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 513, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Debenture affected thereby, PROVIDED, HOWEVER, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Debentures, or which modifies the rights of the Holders of Debentures of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Debentures of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. EXECUTION OF SUPPLEMENTAL INDENTURES.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. EFFECT OF SUPPLEMENTAL INDENTURES.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Debentures theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. CONFORMITY WITH TRUST INDENTURE ACT.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. REFERENCE IN DEBENTURES TO SUPPLEMENTAL INDENTURES.

Debentures of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Debentures of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Debentures of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST.

The Company covenants and agrees for the benefit of each series of Debentures that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Debentures of that series in accordance with the terms of the Debentures and this Indenture.

SECTION 1002. MAINTENANCE OF OFFICE OR AGENCY.

The Company will maintain in each Place of Payment for any series of Debentures an office or agency where Debentures of that series may be presented or surrendered for payment, where Debentures of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Debentures of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and, in such event, the Trustee shall act as the Company's agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Debentures of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Debentures of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. MONEY FOR DEBENTURES PAYMENTS TO BE HELD IN TRUST.

If the Company shall at any time act as its own Paying Agent with respect to any series of Debentures, it will, on or before each due date of the principal of (and premium, if any) or interest, if any, on any of the Debentures of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest, if any, so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Debentures, it will, on, in case the payment referred to below is made in same day funds, or, in all other cases, prior to, each due date of the principal of (and premium, if any) or interest, if any, on any Debentures of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its failure so to act.

The Company will cause each Paying Agent for any series of Debentures other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest, if any, on Debentures of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Debentures of that series) in the making of any payment of principal (and

premium, if any) or interest, if any, on the Debentures of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest, if any, on any Debenture of any series and remaining unclaimed for three years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Debenture shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City, County and State of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. CORPORATE EXISTENCE.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and will use its best efforts to do or cause to be done all things necessary to preserve and keep in full force and effect its rights (charter and statutory) and franchises; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. MAINTENANCE OF PROPERTIES.

The Company will cause all properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION 1006. PAYMENT OF TAXES AND OTHER CLAIMS.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; PROVIDED, HOWEVER, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 1007. STATEMENT BY OFFICERS AS TO DEFAULT.

The Company will deliver to the Trustee on or before May 15, 1996, and on May 15 in each year thereafter, an Officers' Certificate stating that in the course of the performance by each signer of his duties as an officer of the Company he would normally have knowledge of any default by the Company in the performance and observance of any of the covenants contained in Sections 1001 to 1006, stating whether or not he has knowledge of any such default and, if so, specifying each such default of which such signer has knowledge and the nature thereof.

SECTION 1008. DEFEASANCE OF CERTAIN OBLIGATIONS.

The Company may omit to comply with any term, provision or condition set forth in Sections 801, 1004, 1005 and 1006 with respect to the Debentures of any series, provided that the following conditions shall have been satisfied:

(1) The Company has deposited or caused to be irrevocably deposited (except as provided in Section 402(c) and the last paragraph of Section 1003) with the Trustee (specifying that each deposit is pursuant to this Section 1008) as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Debentures of such series, (i) money in the currency or units of currency in which such Debentures are payable in an amount, or (ii) (except as provided in a supplemental indenture with respect to such series) if Debentures of such series are not subject to repurchase at the option of Holders, (A) U.S. Government Obligations (denominated in the same currency or units of currency in which such Debentures are payable) which through the payment of interest and principal in respect thereof in accordance with their terms will provide not later than one day before the due date of any payment referred to in clause (x) or (y) of this subparagraph (1) money in an amount, or (B) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge (x) the principal of (and premium, if any) and each installment of principal (and premium, if any) and interest, if any, on the Outstanding Debentures of such series on the Stated Maturity of such principal or installment of principal or interest or to and including the Redemption Date irrevocably designated by the Company pursuant to subparagraph (4) of this Section and (y) any mandatory sinking fund payments applicable to the Debentures of such series on the day on which payments are due and payable in accordance with the terms of the Indenture and of the Debentures of such series;

(2) No Event of Default or event which with notice or lapse of time would become an Event of Default (including by reason of such deposit) with respect to the Debentures of such series shall have occurred and be continuing on the date of such deposit;

(3) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect (i) that Holders of the Debentures of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and defeasance of certain obligations; (ii) that such provision would not cause any outstanding Debentures of such series then listed on any national securities exchange to be delisted as a result thereof; and (iii) that the

defeasance trust is not, or is registered as, an investment company under the Investment Company Act of 1940; and

(4) If the Company has deposited or caused to be deposited money or U.S. Government Obligations to pay or discharge the principal of (and premium, if any) and interest, if any, on the Outstanding Debentures of a series to and including a Redemption Date on which all of the Outstanding Debentures of such series are to be redeemed, such Redemption Date shall be irrevocably designated by a Board Resolution delivered to the Trustee on or prior to the date of deposit of such money or U.S. Government Obligations, and such Board Resolution shall be accompanied by an irrevocable Company Request that the Trustee give notice of such redemption in the name and at the expense of the Company not less than 30 nor more than 60 days prior to such Redemption Date in accordance with Section 1104.

SECTION 1009. DISTRIBUTIONS AND PAYMENT OF DIVIDENDS.

The Company will not declare or pay any dividend on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its capital stock if at such time (i) there shall have occurred any event that would constitute an Event of Default under the Indenture, (ii) the Company shall be in default with respect to its payment of any obligations under the Guarantee, if issued, or (iii) the Company shall have given notice of its selection of an extended interest payment period as provided in the Indenture and such period, or any extension thereof, shall be continuing.

SECTION 1010. REQUIRED CAPITAL CONTRIBUTIONS.

So long as any series of Debentures issued in connection with the application of the proceeds from the issuance and sale of a series of Preferred Securities of UtiliCorp Capital remain outstanding, and so long as UtiliCorp Capital does not merge, consolidate, or amalgamate with or into, or is not replaced by, or does not convey, transfer or lease to, a trust as permitted without the consent of holders of the Preferred Securities under the Limited Partnership Agreement, the Company will (i) remain the sole general partner of UtiliCorp Capital and maintain 100% ownership of the general partner interests thereof; provided that any permitted successor of the Company under the Indenture may succeed to its duties as general partner, (ii) contribute capital to the extent required to maintain its capital at an amount equal to at least 3% of the total capital contributions to UtiliCorp Capital, (iii) not voluntarily dissolve, wind-up or terminate UtiliCorp Capital, except in connection with a distribution of Debentures and in connection with certain mergers, consolidations, amalgamations permitted by the Limited Partnership Agreement, (iv) timely perform all of its duties as General Partner (including the duty to pay dividends on the Preferred Securities of UtiliCorp Capital), and (v) use its reasonable efforts to cause UtiliCorp Capital to remain a limited partnership except in connection with a distribution of Debentures and in connection with certain mergers, consolidations, amalgamations, replacements, conveyances, transfers or leases permitted by the Limited Partnership Agreement, and otherwise continue to be treated as a partnership for United States federal income tax purposes except in connection with a distribution of Debentures.

ARTICLE ELEVEN

REDEMPTION OF DEBENTURES

SECTION 1101. APPLICABILITY OF ARTICLE.

Debentures of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Debentures of any series) in accordance with this Article.

SECTION 1102. ELECTION TO REDEEM; NOTICE TO TRUSTEE.

The election of the Company to redeem any Debentures shall be evidenced by an Officers' Certificate. In case of any redemption at the election of the Company of less than all the Debentures of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Debentures of such series to be redeemed, such notice to be accompanied by a written statement signed by an authorized officer of the Company stating that no defaults in the payment of interest or Events of Default with respect to the Debentures of that series have occurred (which have not been waived or cured). In the case of any redemption of Debentures prior to the expiration of any restriction on such redemption provided in the terms of such Debentures or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 1103. SELECTION BY TRUSTEE OF DEBENTURES TO BE REDEEMED.

If less than all the Debentures of any series are to be redeemed, the particular Debentures to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Debentures of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Debentures of that series or any integral multiple thereof) of the principal amount of Debentures of such series of a denomination larger than the minimum authorized denomination for Debentures of that series.

Debentures shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Company and delivered to the Debenture Registrar at least 60 days prior to the Redemption Date as being owned of record and beneficially by, and not pledged or hypothecated by either (a) the Company or (b) an entity specifically identified in such written statement which is an Affiliate of the Company.

The Trustee shall promptly notify the Company in writing of the Debentures selected for redemption and, in the case of any Debentures selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Debentures shall relate, in the case of any Debentures redeemed or to be redeemed only in part, to the portion of the principal amount of such Debentures which has been or is to be redeemed.

SECTION 1104. NOTICE OF REDEMPTION.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Debentures to be redeemed, at his address appearing in the Debenture Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Debentures of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Debentures to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Debenture to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Debentures are to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Debentures to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. DEPOSIT OF REDEMPTION PRICE.

On, in the case of same day funds, or in all other cases at least five Business Days prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Debentures which are to be redeemed on that date (to the extent that such amounts are not already on deposit at such time in accordance with the provisions of Section 401, 403 or 1008).

SECTION 1106. DEBENTURES PAYABLE ON REDEMPTION DATE.

Notice of redemption having been given as aforesaid, the Debentures so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued and unpaid interest) such Debentures shall cease to bear interest. Upon surrender of any such Debenture for redemption in accordance with said notice, such Debenture shall be paid by the Company at the Redemption Price, together with accrued and unpaid interest to the Redemption Date; PROVIDED, HOWEVER, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Debentures, or one or more Predecessor Debentures, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Debenture called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Debenture.

SECTION 1107. DEBENTURES REDEEMED IN PART.

Any Debenture (including any Global Debenture) which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Debenture without service charge, a new Debenture or Debentures of the same series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Debenture so surrendered; PROVIDED, that a Global Debenture shall be in a denomination equal to the unredeemed portion of the principal of the Global Debenture so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. APPLICABILITY OF ARTICLE.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Debentures of a series except as otherwise specified as contemplated by Section 301 for Debentures of such series.

The minimum amount of any sinking fund payment provided for by the terms of Debentures of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Debentures of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Debentures of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Debentures of any series as provided for by the terms of Debentures of such series.

SECTION 1202. SATISFACTION OF SINKING FUND PAYMENTS WITH DEBENTURES.

In lieu of making all or any part of any mandatory sinking fund payment with respect to any series of Debentures in cash, the Company may at its option (a) deliver to the Trustee Debentures of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Company or receive credit for Debentures of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Company and delivered to the Trustee for cancellation pursuant to Section 309, (b) receive credit for optional sinking fund payments (not previously so credited) made pursuant to this Section, or (c) receive credit for Debentures of such series (not previously so credited) redeemed by the Company through any optional redemption provision contained in the terms of such series. Debentures so delivered or credited shall be received or credited by the Trustee at the sinking fund Redemption Price specified in such Debentures.

SECTION 1203. REDEMPTION OF DEBENTURES FOR SINKING FUND.

Not less than 60 days prior to each sinking fund payment date for any series of Debentures, the Company will deliver to the Trustee an Officers' Certificate specifying (a) the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, (b) whether or not the Company intends to exercise its right, if any, to make an optional sinking fund payment with respect to such series on the next ensuing sinking fund payment date and, if so, the amount of such optional sinking fund payment, and (c) the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Debentures of that series pursuant to Section 1202, and will also deliver to the Trustee any Debentures to be so delivered. Such written statement shall be irrevocable and upon its receipt by the Trustee the Company shall become unconditionally obligated to make all the cash payments or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Company, on or before any such 60th day, to deliver such written statement and Debentures specified in this paragraph, if any, shall not constitute a default but shall constitute, on and as of such date, the irrevocable election of the Company (i) that the mandatory sinking fund payment for such series due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Debentures of such series in respect therefor and (ii) that the Company will make no optional sinking fund payment with respect to such series as provided in this Section.

Not less than 30 days before each such sinking fund payment date the Trustee shall select the Debentures to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Debentures shall be made upon the terms and in the manner stated in Sections 1105, 1106 and 1107.

The Trustee shall not redeem or cause to be redeemed any Debenture of a series with sinking fund moneys or mail any notice of redemption of Debentures of such series by operation of the sinking fund during the continuance of a default in payment of interest with respect to Debentures of that series or an Event of Default with respect to the Debentures of that series except that, where the mailing of notice of redemption of any Debentures shall theretofore have been made, the Trustee shall redeem or cause to be redeemed such Debentures, provided that it shall have received from the Company a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default, shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such default or Event of Default, be deemed to have been collected under Article Five and held for the payment of all such Debentures. In case such Event of Default shall have been waived as provided in Section 513 or the default or Event of Default cured on or before the 60th day preceding the sinking fund payment date, such moneys shall thereafter be applied on the next succeeding sinking fund payment date in accordance with this Section to the redemption of such Debentures.

ARTICLE THIRTEEN

SUBORDINATION OF DEBENTURES

SECTION 1301. AGREEMENT OF SUBORDINATION. The Company covenants and agrees, and each Holder of Debentures issued hereunder by his acceptance thereof likewise covenants and agrees, that all Debentures shall be issued subject to the provisions of this Article Thirteen; and each Holder of Debentures, whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions.

The payment of the principal of, premium, if any, and interest on all Debentures issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article Thirteen shall prevent the occurrence of any default or Event of Default hereunder.

SECTION 1302. LIMITATIONS ON PAYMENTS TO HOLDERS. In the event and during the continuation of any default in the payment of principal, premium, interest or any other payment due on any Senior Indebtedness continuing beyond the period of grace, if any, specified in the instrument evidencing such Senior Indebtedness, unless and until such default shall have been cured or waived or shall have ceased to exist, and in the event that the maturity of any Senior Indebtedness has been accelerated because of a default, then no payment shall be made by the Company with respect to the principal (including redemption and sinking fund payments) of, or premium, if any, or interest on the Debentures.

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee or any holder when such payment is prohibited by the preceding paragraph of this Section 1302, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, but only to the extent that the holders of the Senior Indebtedness (or their representative or representatives or a trustee) notify the Trustee within 90 days of such payment of the amounts then due and owing on the Senior Indebtedness and only the amounts specified in such notice to the Trustee shall be paid to the holders of Senior Indebtedness.

SECTION 1303. PAYMENTS IN BANKRUPTCY. Upon any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding−up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full, or payment thereof provided for in money in accordance with its terms, before any payment is made on account of the principal (and premium, if any) or interest on the Debentures; and upon any such dissolution or winding−up or liquidation or reorganization any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Debentures or the Trustee would be entitled, except for the provisions of this Article Thirteen, shall by paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Debentures or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, as calculated by the Company) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution is made to the Holders of Debentures or to the Trustee.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, prohibited by the foregoing, shall be received by the Trustee or the Holders of the Debentures before all Senior Indebtedness is paid in full, or provision is made for such payment in money in accordance with its terms, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in money in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

For purposes of this Article Thirteen, the words, "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article Thirteen with respect to the Debentures to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of the Senior Indebtedness are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article Ten hereof shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 1303 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in this Indenture. Nothing in Section 1302 or in this Section 1303 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

SECTION 1304. SUBROGATION OF DEBENTURES. Subject to the payment in full of all Senior Indebtedness, the rights of the Holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until the principal of (and premium, if any) and interest on the Debentures shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders of the Debentures or the Trustee would be entitled except for the provisions of this Article Thirteen, and no payment over pursuant to the provisions of this Article Thirteen, to or for the benefit of the holders of Senior Indebtedness by Holders of the Debentures or the Trustee, shall, as between the Company, its creditors other than holders of

Senior Indebtedness, and the Holders of the Debentures, be deemed to be a payment by the Company to or on account of the Senior Indebtedness. It is understood that the provisions of this Article Thirteen are and are intended solely for the purposes of defining the relative rights of the Holders of the Debentures, on the one hand, and the holders of the Senior Indebtedness on the other hand.

Nothing contained in this Article Thirteen or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Debentures, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Debentures the principal of (and premium, if any) and interest on the Debentures as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Debentures and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Thirteen of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article Thirteen, the Trustee, subject to the provisions of Section 601, and the Holders of the Debentures shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidation trustee, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of the Debentures, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount hereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Thirteen.

SECTION 1305. AUTHORIZATION BY HOLDERS. Each Holder of a Debenture by his acceptance thereof authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article Thirteen and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1306. NOTICE TO TRUSTEE. The Company shall give prompt written notice to a Responsible Officer of the Trustee of any fact known to the Company which would prohibit the making of any payment of monies to or by the Trustee in respect of the Debentures pursuant to the provisions of this Article Thirteen. Notwithstanding the provisions of this Article Thirteen or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Debentures pursuant to the provisions of this Article Thirteen, unless and until a Responsible Officer of the Trustee shall have received written notice thereof at the principal office of the Trustee from the Company or a holder or holders of Senior Indebtedness or from any trustee therefor; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 601, shall be entitled in all respects to assume that no such facts exist; provided that if the Trustee shall not have received the notice provided for in this Section 1306 at least two business days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (or premium, if any) or interest on any Debenture), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purposes for which they were received, and shall not be affected by any notice to the contrary which may be received by it within two business days prior to such date.

The Trustee, subject to the provisions of Section 601, shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article Thirteen, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Thirteen, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 1307. TRUSTEE'S RELATION TO SENIOR INDEBTEDNESS. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article Thirteen in respect of any Senior Indebtedness at any time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this

Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article Thirteen, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and, subject to the provisions of Section 601, the Trustee shall not be liable to any holder of Senior Indebtedness if it shall pay over or deliver to Holders of Debentures, the Company or any other Person money or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article Thirteen or otherwise.

SECTION 1308. ACTS OF HOLDERS OF SENIOR INDEBTEDNESS. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Debentures, without incurring responsibility to the Holders of the Debentures and without impairing or releasing the subordination provided in this Article Thirteen or the obligations hereunder of the Holders of the Debentures to the holders of Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any Person liable in any manner for the collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

UMB Bank, N.A., as Trustee hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

* * * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[Seal] UTILICORP UNITED INC.

By: /s/ Dale J. Wolf

Dale J. Wolf
Vice President

Attest:

/s/ Randy Miller

[Seal] UMB BANK, N.A.
as Trustee

By: /s/ Frank Bramwell

Attest:

/s/ R. Wm. Bloemker

STATE OF MISSOURI)
: ss.:
COUNTY OF JACKSON)

On the 7 day of June , 1995, before me personally came Dale J. Wolf, to me known, who, being by me duly sworn, did depose and say that he is a Vice President of UtiliCorp United Inc., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

/s/ Joyce J. Auer

Notary Public,
State of Missouri

STATE OF Missouri)
: ss.:
COUNTY OF Jackson)

On the 7 day of June, 1995, before me personally came Frank C. Bramwell, to me known, who, being by me duly sworn, did depose and say that he is a Vice President of UMB Bank, N.A., the national banking association described in and which executed the foregoing instrument; that he knows the seal of said association; that the seal affixed to said instrument is such association seal; that it was so affixed by authority of the Board of Directors of said association, and that he signed his name thereto by like authority.

/s/ Jennifer DeMoss

Notary Public,
State of Missouri

</TEXT>
</DOCUMENT>

UTILICORP UNITED INC.

AND

UMB BANK, N.A.,
as Trustee

FIRST SUPPLEMENTAL INDENTURE
Dated as of June 1, 1995

TO

INDENTURE

Dated as of June 1, 1995

8 7/8% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025

FIRST SUPPLEMENTAL INDENTURE, dated as of the 1st day of June, 1995 (the "First Supplemental Indenture"), between UTILICORP UNITED INC., a corporation duly organized and existing under the laws of the State of Delaware (hereinafter sometimes referred to as the "Company"), and UMB Bank, N.A., a national banking association organized and existing under the laws of the United States, as trustee (hereinafter sometimes referred to as the "Trustee") under the Indenture dated as of June 1, 1995 between the Company and the Trustee (the "Indenture"; all terms used and not defined herein are used as defined in the Indenture).

WHEREAS, the Company executed and delivered the Indenture to the Trustee to provide for the future issuance of securities and the Company desires to issue its junior subordinated debentures (the "Debentures"), said Debentures to be issued from time to time in series as might be determined by the Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered thereunder as in the Indenture provided; and

WHEREAS, pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Debentures to be known as its 8 7/8% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025 (said series being hereinafter referred to as the "Series A Debentures"), the form and substance of such Series A Debentures and the terms, provisions and conditions thereof to be set forth as provided in the Indenture and this First Supplemental Indenture; and

WHEREAS, UtiliCorp Capital L.P., a Delaware limited partnership ("UtiliCorp Capital"), has offered to the public its 8 7/8% Cumulative Monthly Income Preferred Securities, Series A (the "Series A Preferred Securities"), representing limited partner interests in the Company and proposes to invest the proceeds from such offering in the Series A Debentures; and

WHEREAS, upon the occurrence of a Special Event (as defined in the Amended and Restated Agreement of Limited Partnership of UtiliCorp Capital L.P., dated June 12, 1995, as amended or supplemented (the "Limited Partnership Agreement")), the Company may dissolve UtiliCorp Capital and cause to be distributed to the holders of the Series A Preferred Securities, on a pro rata basis, Series A Debentures (a "Dissolution Event"); and

WHEREAS, the Company desires and has requested the Trustee to join with it in the execution and delivery of this First Supplemental Indenture, and all requirements necessary to make this First Supplemental Indenture a valid instrument, in accordance with its terms, and to make the Series A Debentures, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized:

NOW THEREFORE, in consideration of the purchase and acceptance of the Series A Debentures by the holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Series A Debentures and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee as follows:

ARTICLE ONE

General Terms and Conditions of the Series A Debentures

SECTION 1.01. There shall be and is hereby authorized a series of Debentures designated the "8 7/8% Junior Subordinated Deferrable Interest Debentures, Series A, Due 2025", unlimited in aggregate principal amount. The Series A Debentures will initially be issued in the aggregate principal amount of $100,000,000. The Series A Debentures shall mature and the principal shall be due and payable together with all accrued and unpaid interest thereon, including Additional Interest (as hereinafter defined) on June 12, 2025, and shall be issued in the form of registered Series A Debentures without coupons.

SECTION 1.02. Except as provided in Section 1.03 herein, the Series A Debentures shall be issued in certificated form. Principal and interest on the Series A Debentures issued in certificated form will be payable, the transfer of such Series A Debentures will be registrable and such Series A Debentures will be exchangeable for the Series A Debentures bearing identical terms and provisions at the office or agency of the Company in the Borough of Manhattan, The City and State of New York; provided, however, that payment of interest may be made at the option of the Company by check mailed first class, postage prepaid to the registered Holder at such address as shall appear in the Debenture Register. Notwithstanding the foregoing, so long as the Holder of the Series A Debentures is UtiliCorp Capital, the payment of the principal of and interest on (including Additional Interest, if any) the Series A Debentures will be made at such place and to such account as may be designated by UtiliCorp Capital.

SECTION 1.03. In connection with a Dissolution Event, the Series A Debentures in certificated form may be presented to the Trustee by UtiliCorp Capital in exchange for a Global Debenture in an aggregate principal amount equal to all Outstanding Series A Debentures, to be registered in the name of the Depository, or its nominee, and delivered by the Trustee to the Depository for crediting to the accounts of its participants pursuant to the instructions of UtiliCorp Capital. The Company upon any such presentation shall execute a Global Debenture in such aggregate principal amount and deliver the same to the Trustee for authentication and delivery as hereinabove and in the Indenture provided. Payments on the Series A Debentures issued as a Global Debenture will be made to the Depository. The Depository for the Series A Debentures shall be The Depository Trust Company, New York, New York.

SECTION 1.04. Each Series A Debenture will bear interest at the rate of 8 7/8% per annum from the original date of issuance until the principal thereof becomes due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum, payable monthly in arrears on the last day of each calendar month of each year (each, an "Interest Payment Date", commencing on June 30, 1995), to the person in whose name such Series A Debenture or any predecessor Series A Debenture is registered in the Debenture Register, at the close of business on the Regular Record Date for such interest installment, which shall be the close of business on the Business Day next preceding that Interest Payment Date. If pursuant to the provisions of Section 305 of the Indenture the Series A Junior Subordinated Debentures are no longer represented by a Global Debenture, the Company may select a Regular Record Date for such interest installment which shall be any date not later than fifteen days preceding an Interest Payment Date. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may be paid to the person in whose name the Series A Debenture (or one or more Predecessor Debentures) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of the Series A Debentures not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series A Debentures may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture hereinafter referred to.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on the Series A Debentures is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

If at any time when UtiliCorp Capital is the holder of the Series A Debentures, UtiliCorp Capital shall be required to pay any interest on dividends in arrears in respect of the Series A Preferred Securities pursuant to the terms thereof, then the Company will pay as interest (the "Additional Interest") an amount equal to such interest on dividends in arrears. In addition, if UtiliCorp Capital would be required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then, in any such case, the Company shall also pay as Additional Interest such amounts as shall be required so that the net amount received and retained by UtiliCorp Capital after paying any such taxes, duties, assessments or governmental charges will not be less than the amounts UtiliCorp Capital would have received had no such taxes, duties, assessments or governmental charges been imposed.

ARTICLE TWO

Mandatory Prepayment and Optional Redemption
of the Series A Debentures

SECTION 2.01. If UtiliCorp Capital redeems the Series A Preferred Securities in accordance with the terms thereof, the Series A Debentures will become due and payable in a principal amount equal to the aggregate stated liquidation preference of the Series A Preferred Securities so redeemed, together with all accrued and unpaid interest thereon, including Additional Interest, if any (the "Mandatory Prepayment Price"). Any payment pursuant to this provision shall be made in immediately available same day funds prior to 12:00 noon, New York time, on the date of such redemption or at such earlier time as the Company and UtiliCorp Capital shall agree.

SECTION 2.02. At such time as there are no Series A Preferred Securities remaining outstanding and subject to the terms of Articles Eleven and Twelve of the Indenture, the Company shall have the right to redeem the Series A Debentures, in whole or in part, from time to time, on or after June 12, 2000, at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon, including any Additional Interest, if any, to the date of such redemption (the "Optional Redemption Price"). Any redemption pursuant to this paragraph will be made upon not less than 30 nor more than 60 days' notice, at the Optional Redemption Price. If the Series A Debentures are only partially redeemed pursuant to this Section, the Debentures will be redeemed pro rata or by lot or by any other method utilized by the Trustee; provided, that if at the time of redemption, the Series A Debentures are registered as a Global Debenture, the Depository shall determine the principal amount of such Series A Debentures held by each Series A Debentureholder to be redeemed.

ARTICLE THREE

Extension of Interest Payment Period

SECTION 3.01. The Company shall have the right, at any time during the term of the Series A Debentures, from time to time to extend the interest payment period, of such Series A Debentures for up to 60 consecutive months (the "Extended Interest Payment Period"), at the end of which period the Company shall pay all interest accrued and unpaid thereon (together with interest thereon at the rate specified for the Series A Debentures to the extent permitted by applicable law); provided that, during such Extended Interest Payment Period the Company shall not declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or make any guarantee payments with respect to the foregoing. Prior to the termination of any such Extended Interest Payment Period, the Company may further extend such period, provided that such period together with all such further extensions thereof shall not exceed 60 consecutive months. Upon the termination of any Extended Interest Payment Period and upon the payment of all accrued and unpaid interest and any Additional Interest then due, the Company may select a new Extended Interest Payment Period, subject to the foregoing requirements. No interest during an Extended Interest Payment Period, except at the end thereof, shall be due and payable.

SECTION 3.02. (a) If UtiliCorp Capital is the sole holder of the Series A Debentures at the time the Company selects an Extended Interest Payment Period, the Company shall give both UtiliCorp Capital and the Trustee written notice of its selection of such Extended Interest Payment Period one Business Day prior to the earlier of (i) the next succeeding date on which dividends on the Series A Preferred Securities are payable or (ii) the date UtiliCorp Capital is required to give notice of the Record Date or the date such dividends are payable to the New York Stock Exchange or other applicable self-regulatory organization or to holders of the Series A Preferred Securities, but in any event not less than one Business Day prior to such Record Date. The Company shall cause UtiliCorp Capital to give notice of the Company's selection of such Extended Interest Payment Period to the holders of the Series A Preferred Securities.

(b) If UtiliCorp Capital is not the sole Holder of the Series A Debentures at the time the Company selects an Extended Interest Payment Period, the Company shall give the Holders of the Series A Debentures and the Trustee written notice of its selection of such Extended Interest Payment Period 10 Business Days prior to the earlier of (i) the next succeeding Interest Payment Date or (ii) the date the Company is required to give notice of the record or payment date of such interest payment to the New York Stock Exchange or other applicable self- regulatory organization or to Holders of the Series A Debentures, but in any event not less than two Business Days prior to such Record Date.

(c) The month in which any notice is given pursuant to paragraphs (a) or (b) of this Section shall constitute one of the 60 months which comprise the maximum Extended Interest Payment Period.

ARTICLE FOUR

Right of Set-Off

SECTION 4.01. Notwithstanding anything to the contrary in the Indenture or herein, the Company shall have the right to set-off any payment it is otherwise required to make thereunder or hereunder with and to the extent the Company has heretofore made, or is concurrently on the date of such payment making, a payment under the Guarantee, dated as of June 12, 1995 executed by the Company and furnished to UtiliCorp Capital for the benefit of the holders of the Series A Preferred Securities.

ARTICLE FIVE

Covenant to List on Exchange

SECTION 5.01. If the Series A Debentures are to be issued as a Global Debenture in connection with the distribution of the Series A Debentures to the holders of the Series A Preferred Securities upon a Dissolution Event, the Company will use its best efforts to list such Debentures on the New York Stock Exchange or on such other exchange as the Series A Preferred Securities are then listed and traded on the same part of any such exchange.

ARTICLE SIX

Form of Series A Debenture

SECTION 6.01. The Series A Debentures and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following forms:

(FORM OF FACE OF DEBENTURE)

[If the Debenture is to be a Global Debenture, insert − This Debenture is a Global Debenture within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Debenture is exchangeable for Debentures registered in the name of a person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Debenture (other than a transfer of this Debenture as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in limited circumstances.

Unless this Debenture is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any Debenture issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

No. 1 $100,000,000

UTILICORP UNITED INC.

8 7/8% JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURE, SERIES A, DUE 2025

UTILICORP UNITED INC., a corporation duly organized and existing under the laws of the State of Delaware (herein referred to as the "Company", which term includes any successor corporation under the Indenture), for value received, hereby promises to pay to UtiliCorp Capital L.P. ("UtiliCorp Capital") or registered assigns, the principal sum of One Hundred Million Dollars ($100,000,000) on June 12, 2025, and to pay interest on said principal sum from June 12, 1995 or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, monthly in arrears on the last day of each calendar month of each year commencing June 30, 1995 at the rate of 8 7/8% per annum plus Additional Interest, if any, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on this Debenture is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Debenture (or one or more Predecessor Debentures, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment, [which shall be the close of business on the Business Day next preceding such Interest Payment Date]. [If pursuant to the provisions of Section 305 of the Indenture the Series A Junior Subordinated Debentures are no longer represented by a Global Debenture--which shall be the close of business on the ___ Business Day next preceding such Interest Payment Date.] Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may be paid to the person in whose name this Debenture (or one or more Predecessor Debentures) is registered in the Debenture Register at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of this series of Debentures not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Debentures may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture hereinafter referred to. The principal of (and premium, if any) and the interest on this Debenture shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City and State of New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed first class, postage prepaid, to the registered Holder at such address as shall appear in the Debenture Register. Notwithstanding the foregoing, so long as the Holder of this Debenture is UtiliCorp Capital, the payment of the principal of (and premium, if any) and interest (including Additional Interest, if any) in this Debenture will be made at such place and to such account as may be designated by UtiliCorp Capital.

The indebtedness evidenced by this Debenture is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, and this Debenture is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Debenture, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes. Each Holder hereof, by his acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Indebtedness, whether now outstanding or hereafter incurred, and waives reliance by each such Holder upon said provisions.

This Debenture shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

Unless the Certificate of Authentication hereon has been executed by the Trustee referred to on the reverse side hereof, this Debenture shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

The provisions of this Debenture are contained on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Instrument to be executed as of June 1, 1995

UTILICORP UNITED INC.

By________________________
Name:
Title:

Attest:

____

Title:

(FORM OF CERTIFICATE OF AUTHENTICATION)
CERTIFICATE OF AUTHENTICATION

This is one of the Debentures of the series of Debentures described in the within-mentioned Indenture.

UMB BANK, N.A.
as Trustee

or_____________________________
as Authentication Agent

By___________________________
Authorized Signatory

By___________________________
Authorized Signatory

Dated: June 12, 1995

(FORM OF REVERSE OF DEBENTURE)

This Debenture is one of a duly authorized series of Debentures of the Company (herein sometimes referred to as the "Debentures"), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an Indenture dated as of June 1, 1995 duly executed and delivered between the Company and UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States, as Trustee (herein referred to as the "Trustee"), as supplemented by the First Supplemental Indenture dated as of June 1, 1995 between the Company and the Trustee (said Indenture as so supplemented being hereinafter referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Debentures. By the terms of the Indenture, the Debentures are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This series of Debentures is limited in aggregate principal amount as specified in said First Supplemental Indenture.

If UtiliCorp Capital redeems its 8 7/8% Cumulative Monthly Income Preferred Securities, Series A (the "Series A Preferred Securities") in accordance with the terms thereof, this Debenture will become due and payable in a principal amount equal to the aggregate stated liquidation preference of the Series A Preferred Securities so redeemed, together with any interest accrued thereon, including Additional Interest (the "Mandatory Prepayment Price"). Any Mandatory Prepayment Price shall be paid prior to 12:00 noon, New York time, on the date of such redemption or at such earlier time as the Company and UtiliCorp Capital shall agree. At such time as there are no Series A Preferred Securities remaining outstanding and subject to the terms of Articles Eleven and Twelve of the Indenture, the Company shall have the right to redeem this Debenture at the option of the Company, without premium or penalty, in whole or in part at any time on or after June 12, 2000 (an "Optional Redemption"), at a redemption price equal to 100% of the principal amount plus any accrued but unpaid interest, including any Additional Interest, if any, to the date of such redemption (the "Optional Redemption Price"). Any redemption pursuant to this paragraph will be made upon not less than 30 nor more than 60 days' notice, at the Optional Redemption Price. If the Debentures are only partially redeemed by the Company pursuant to an Optional Redemption, the Debentures will be redeemed pro rata or by lot or by any other method utilized by the Trustee; provided that if at the time of redemption, the Debentures are registered as a Global Debenture, the Depositary shall determine the principal amount of such Debentures held by each Holder to be redeemed.

In the event of redemption of this Debenture in part only, a new Debenture or Debentures of this series for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Debentures may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Debenture upon compliance by the Company with certain conditions set forth therein.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Debentures of each series affected at the time outstanding, as defined in the Indenture, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Debentures; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Debentures of any series, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Debenture so affected or (ii) reduce the aforesaid percentage of Debentures, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of each Debenture then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Debentures of all series at the time outstanding affected thereby, on behalf of the Holders of the Debentures of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Debentures of such series. Any such consent or waiver by the registered Holder of this Debenture (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this

Debenture and of any Debenture issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Debenture.

No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Debenture at the time and place and at the rate and in the manner herein prescribed.

The Company shall have the right at any time during the term of the Debentures, from time to time to extend the interest payment period of such Debentures to up to 60 consecutive months (the "Extended Interest Payment Period"), at the end of which period the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate specified for the Debentures to the extent that payment of such interest is enforceable under applicable law); provided that, during such Extended Interest Payment Period the Company shall not declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or make any guarantee payments with respect to the foregoing. Prior to the termination of any such Extended Interest Payment Period, the Company may further extend such Extended Interest Payment Period, provided that such Period together with all such further extensions thereof shall not exceed 60 consecutive months. At the termination of any such Extended Interest Payment Period and upon the payment of all accrued and unpaid interest and any additional amounts then due, the Company may select a new Extended Interest Payment Period.

As provided in the Indenture and subject to certain limitations therein set forth, this Debenture is transferable by the registered Holder hereof on the Debenture Register of the Company, upon surrender of this Debenture for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City and State of New York accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Trustee duly executed by the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Debentures of authorized denominations and for the same aggregate principal amount and series will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Debenture, the Company, the Trustee, any paying agent and any Debenture Registrar may deem and treat the registered Holder hereof as recorded in the Debenture Register as the absolute owner hereof (whether or not this Debenture shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Debenture Registrar) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Debenture Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Debenture, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

[The Debentures of this series are issuable only in registered form without coupons in denominations of $25 and any integral multiple thereof.] [This Global Debenture is exchangeable for Debentures in definitive form only under certain limited circumstances set forth in the Indenture. Debentures of this series so issued are issuable only in registered form without coupons in denominations of $25 and any integral multiple thereof.] As provided in the Indenture and subject to certain limitations [herein and] therein set forth, Debentures of this series [so issued] are exchangeable for a like aggregate principal amount of Debentures of this series of a different authorized denomination, as requested by the Holder surrendering the same.

All terms used in this Debenture which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ARTICLE SEVEN

Original Issue of Series A Debentures

SECTION 7.01. Series A Debentures may, upon execution of this First Supplemental Indenture, or from time to time thereafter, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Debentures to or upon the written order of the Company, signed by its Chairman, its President, or any Vice President and its Treasurer or an Assistant Treasurer, without any further action by the Company.

ARTICLE EIGHT

Sundry Provisions

SECTION 8.01. Except as otherwise expressly provided in this First Supplemental Indenture or in the form of Series A Debenture or otherwise clearly required by the context hereof or thereof, all terms used herein or in said form of Series A Debenture that are defined in the Indenture shall have the several meanings respectively assigned to them thereby.

SECTION 8.02. The Indenture, as supplemented by this First Supplemental Indenture, is in all respects ratified and confirmed, and this First Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

SECTION 8.03. The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this First Supplemental Indenture.

SECTION 8.04. This First Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 8.05 If and to the extent that any provision of this First Supplemental Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such imposed duties shall control.

SECTION 8.06 The Article and Section headings are for convenience only and shall not affect the construction hereof.

SECTION 8.07 All covenants and agreements in this First Supplemental Indenture by Utilicorp shall bind its successors and assigns, whether so expressed or not.

SECTION 8.08 In case any provision in this First Supplemental Indenture or the Series A Debentures shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 8.09 Nothing in this First Supplemental Indenture or the Series A Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

SECTION 8.10 This First Supplemental Indenture and the Series A Debentures shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, on the date or dates indicated in the acknowledgments and as of the day year first above written.

UTILICORP UNITED INC.

By /s/ Dale J. Wolf
____
Vice President

Attest:

/s/ Randy Miller
____
Assistant Treasurer

UMB BANK, N.A.
as Trustee

By /s/ Frank Bramwell

Attest:

/s/ R. Wm. Bloemker

Assistant Secretary

STATE OF Missouri)
COUNTY OF Jackson) June 7, 1995

On the 7 day June, in the year one thousand nine hundred ninety-five, before me personally came Dale J. Wolf to me known, who, being by me duly sworn, did depose and say that he resides at 3305 W. 132nd St. Leawood, KS; that he is Vice President of UTILICORP UNITED INC., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporation seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

/s/ Joyce J. Auer

NOTARY PUBLIC

My Commission Expires

STATE OF Missouri)
COUNTY OF Jackson) June 7, 1995

On the 7 day of June, in the year one thousand nine hundred ninety-five, before me personally came Frank Bramwell to me known, who, being by me duly sworn, did depose and say that (s)he resides at 11313 Jarbow Kansas City, MO, of UMB Bank N.B., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation and that he signed his name thereto by like authority.

/s/ Jennifer DeMoss

NOTARY PUBLIC

My Commission Expires

</TEXT>
</DOCUMENT>

The following is a complete copy of the Plan:

UTILICORP UNITED INC.
AMENDED AND RESTATED
1986 STOCK INCENTIVE PLAN

1. PURPOSE

The UtiliCorp United Inc. Amended and Restated 1986 Stock Incentive Plan is designed to enable qualified executive, managerial, supervisory and professional personnel of UtiliCorp United Inc. to acquire or increase their ownership of the $1.00 par value common stock of the Company on reasonable terms. The opportunity so provided is intended to foster, in participants, a strong incentive to put forth maximum effort for the continued success and growth of the Company and its Subsidiaries, to aid in retaining individuals who put forth such efforts, and to assist in attracting the best available individuals in the future.

2. DEFINITIONS

When used herein, the following terms shall have the meaning set forth below:

2.1 "Award" shall mean an Option or a Restricted Stock Award.

2.2 "Board" means the Board of Directors of UtiliCorp United Inc.

2.3 "Committee" means the members of the Board's Compensation Committee, which shall consist of not less than three (3) Directors of the Company. Members of the Committee shall be Disinterested Persons.

2.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.5 "Company" means UtiliCorp United Inc., a Delaware corporation.

2.6 "Disinterested Person" shall be as defined in regulations issued pursuant to Section 16 of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act").

2.7 "Fair Market Value" means, with respect to the Company's Shares, the mean between the high and low prices of Shares on the New York Stock Exchange Composite Tape on, as applicable: (a) the day on which an Award is granted; (b) the day all restrictions lapse for a Restricted Stock Award; or (c) the day Shares are delivered in lieu of current cash compensation as permitted by the Plan or, if there should be no sale on that date, on the next preceding day on which there was a sale.

2.8 "Grantee" means a person to whom an Award is made.

2.9 "Incentive Stock Option" or "ISO" means an Option awarded under the Plan which meets the terms and conditions established by Section 422 of the Code and applicable regulations.

2.10 "Non-Qualified Stock Option" or "NQSO" means an Option awarded under the Plan other than an ISO.

2.11 "Option" means the right to purchase a number of Shares, at a price, for a term, under conditions, and for cash or other considerations fixed by the Committee and expressed in the written instrument evidencing the Option. An Option may be either an ISO or NQSO.

2.12 "Plan" means the Company's Amended and Restated 1986 Stock Incentive Plan.

2.13 "Restricted Stock Award" means the grant of a right to receive a number of Shares at a time or times fixed by the Committee in accordance with the Plan and subject to such limitations and restrictions as the Plan and the Committee impose, all as expressed in the written instrument evidencing the Restricted Stock Award.

2.14 "Right of First Refusal" means the right of the Company to be given the opportunity to purchase Shares issued pursuant to Awards under the Plan at their then Fair Market Value, in the event the holder of such Shares desires to sell the Shares to any other person. This right may apply to any Shares awarded under the Plan under terms and conditions established by the Committee at the time of Award and included in the written instrument evidencing the Award, and shall apply to sales by the Grantee or the Grantee's guardian, legal representative, joint tenant, tenant in common, heir or successors.

2.15 "Section 16 Person" means a person who, with respect to the Shares, is subject to Section 16 of the Exchange Act.

2.16 "Shares" means shares of the Company's $1.00 par value common stock or, if by reason of the adjustment provisions hereof any rights under an Award under the Plan pertain to any other security, such other security.

2.17 "Subsidiary" means any business, whether or not incorporated, in which the Company, at the time an Award is granted to an employee thereof, or in other cases, at the time of reference, owns directly or indirectly not less than 50 percent of the equity interest except that with respect to an ISO the term "Subsidiary" shall have the meaning set forth in Section 425(f) of the Code.

2.18 "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to exercise an Option, or to receive Shares issuable in satisfaction of a Restricted Stock Award, by bequest or inheritance or by reason of the death of the Grantee, as provided in accordance with Section 9 hereof,

2.19 "Term" means the period during which a particular Option may be exercised or the period during which the restrictions placed on a Restricted Stock Award are in effect.

3. ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Committee.

3.2 Subject to the provisions of the Plan, the Committee shall have the sole authority to determine:

(i) the employees of the Company and its Subsidiaries to whom Awards shall be granted;

(ii) the number of Shares to be covered by each Award;

(iii) the price to be paid for the Shares upon the exercise of each Option;

(iv) the Term within which each Option may be exercised;

(v) the terms and conditions of each Option, which may include provisions for payment of the option price in Shares at the Fair Market Value of such Shares on the day of their delivery for such purpose;

(vi) the restrictions on transfer and forfeiture conditions with respect to a Restricted Stock Award; and

(vii) any other terms and conditions of the Award.

3.3 The Committee may construe and interpret the Plan, reconcile inconsistencies thereunder and supply omissions therefrom. Any decision or action taken by the Committee in the exercise of such powers or otherwise, arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations shall be conclusive and binding upon all Grantees, and any other person claiming under or through any Grantee.

3.4 The Committee shall designate one of its members as Chairman. It shall hold its meetings at such times and places as may be determined. All determinations of the Committee shall be made by a majority of its members at the time in office. Any determination reduced to writing and signed by a majority of the members of the Committee at the time in office shall be fully as effective as if it had been made at a meeting duly called and held. The Committee may appoint a Secretary, who need not be a member of the Committee, and may establish and amend such rules and regulations for the conduct of its business and the administration of the Plan as it shall deem advisable.

3.5 No member of the Committee shall be liable, in the absence of bad faith, for any act or omission with respect to his service on the Committee. Service on the Committee is hereby specifically declared to constitute service as a Director of the Company, to the end that the members of the Committee shall, in respect of their acts and omissions as such, be entitled to the limitation of liability, indemnification and reimbursement as Directors of the Company pursuant to its Certificate of Incorporation, Bylaws and to the benefits of any insurance policy maintained by the Company providing coverage with respect to acts or omission of Directors of the Company.

3.6 The Committee shall regularly inform the Board as to its actions under the Plan in such manner, at such times, and in such form as the Board may request.

3.7 Notwithstanding the foregoing, in the event the Committee shall not exist at any time during the term of this Plan, the Plan shall be administered by the Board of Directors but only in the event the Board consists of a majority of persons who are Disinterested Persons and a majority of Directors acting in any matter related to the Plan consists of Disinterested Persons.

4. ELIGIBILITY

Awards may be made under the Plan only to the class of employees of the Company or of a Subsidiary, including officers, consisting of those employees who have executive, managerial, supervisory or professional responsibilities ("Eligible Employees"). A Director who is not an employee shall not be eligible to receive an Award. Awards may be made to Eligible Employees whether or not they have received prior Awards under the Plan or under any other plan, and whether or not they are participants in other benefit plans of the Company.

5. SHARES SUBJECT TO PLAN

3,262,644(1) Shares are hereby reserved for issuance in connection with Awards under the Plan and the issuance of Shares pursuant to Section 19, below. The Shares so used may be Shares held in the treasury, however acquired, or Shares which are authorized but unissued. Any Shares subject to Options which lapse unexercised, and any Shares forming part of a Restricted Stock Award which do not vest in the Grantee, shall once again be available for grant of Awards.

6. GRANTING OF OPTIONS

6.1 Subject to the terms of the Plan, the Committee may from time to time grant Options to Eligible Employees.

6.2 Pursuant to the Code and applicable regulations, the aggregate Fair Market Value (determined at the time the Option is granted) of Shares as to which ISOs are exercisable for the first time by a Grantee during any calendar year (under all Plans of the Grantee's employer corporation and its parent and subsidiary corporations) shall not exceed $100,000. No ISO shall be granted to a Grantee who, at the time the ISO is granted, owns (within the meaning of Section 422(b)(6) of the Code) stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Grantee's employer corporation or of its parent or subsidiary corporation unless, at the time the ISO is granted, the Option price is at least 110 percent of the Fair Market Value of the stock subject to the

- ----------------------------

(1) 262,644 Shares remain unissued under the 1986 Stock Incentive Plan and 3,000,000 additional Shares have been added to the Plan hereunder, contingent upon the receipt of all required regulatory approvals and approval by the Company's stockholders at the annual stockholders' meeting in 1996.

ISO, and the ISO by its terms is not exercisable after the expiration of five years from the date the ISO is granted.

6.3 The purchase price of each Share subject to an Option shall be fixed by the Committee, but shall not be less than the greater of the par value of the Share or 100 percent of the Fair Market Value of the Share on the date the Option is granted, except as otherwise provided in Section 6.2 with respect to a 10 percent stockholder.

6.4 Each Option shall expire and all rights to purchase Shares thereunder shall terminate on the date fixed by the Committee and expressed in the written instrument evidencing the Option, which date in the case of ISOs shall not be after the expiration of ten years from the date the Option is granted.

6.5 Subject to the terms of the Plan each Option shall become exercisable at the time, and for the number of Shares, fixed by the Committee and expressed in the written instrument evidencing the Option; provided, however, that during any fiscal year of the Company, no Grantee shall be granted Options covering more than 150,000 Shares. Except to the extent otherwise provided in or pursuant to Sections 9 and 10, no Option shall become exercisable as to any Shares prior to the first anniversary of the date on which the Option was granted.

6.6 Subject to the terms of the Plan, the Committee may at the time of the Award make all or any portion of Option Shares subject to a Right of First Refusal for any period of time designated by the Committee in the written instrument evidencing the Awards.

7. RESTRICTED STOCK AWARDS

7.1 Subject to the terms of the Plan, the Committee may also grant Eligible Employees Restricted Stock Awards.

7.2 The number of Shares covered thereby and other terms and conditions of any such Restricted Stock Award, including the period for which and the conditions on which the Shares included in the Award will be subject to forfeiture and restrictions on transfer or on the ability of the Grantee to make elections with respect to the taxation of the Award without the consent of the Committee, shall be determined by the Committee and expressed in the written instrument evidencing the Award; provided, however, that during any fiscal year of the Company, no Grantee shall receive Restricted Stock Awards covering more than 150,000 Shares. Except as provided in or pursuant to Sections 9 and 10, no such restrictions shall lapse earlier than the first, or later than the tenth, anniversary of the date on which the Award was granted.

7.3 Subject to the terms of the Plan, the Committee may at the time of the Award make all or portion of the Shares awarded under a Restricted Stock Award subject to a Right of First Refusal for any period of time designated by the Committee and expressed in the written instrument evidencing the Award.

7.4 The Committee, in its sole discretion, may impose performance restrictions on Restricted Stock Awards as it may deem advisable or appropriate in accordance with this Section 7.4.

7.4.1 The Committee may set restrictions based upon (a) the achievement of specific performance objectives (Company-wide, divisional or individual), (b) applicable Federal or state securities laws, or (c) any other basis determined by the Committee in its sole discretion.

7.4.2 For purposes of qualifying Restricted Stock Awards as "performance-based compensation" under section 162(m) of the Code, the Committee, in its sole discretion, may set restrictions based upon the achievement of performance goals. The performance goals shall be set by the Committee on or before the latest date permissible to enable the Restricted Stock Awards to qualify as "performance-based compensation" under Section 162(m) of the Code. In granting Restricted Stock Awards that are intended to qualify under Code Section 162(m), the Committee shall follow any procedures determined by it in its sole discretion from time to time to be necessary, advisable or appropriate to ensure qualification of the Restricted Stock Awards under Code Section 162(m) (e.g., in determining the performance goals).

8. NON-TRANSFERABILITY OF RIGHTS

No Option and no rights under any Restricted Stock Award shall be transferable by the Grantee otherwise than by will or the laws of descent and distribution, and each Option may be exercised during the lifetime of the Grantee only by him; and the written instrument evidencing each Option and each Restricted Award shall so state.

9. DEATH OR TERMINATION OF EMPLOYMENT

9.1 Subject to the provisions of the Plan, the Committee may make and include in the written instrument evidencing an Option such provisions concerning exercise or lapse of the Option on death or termination of employment as it shall in its discretion determine. No such provision shall permit an Option to be exercised prior to six months after the date on which it was granted, except in the event of death or termination of employment by reason of disability.

9.2 No ISO shall be exercisable after the date which is three months following the Grantee's termination of employment for any reason other than death or disability, unless (a) the Grantee dies during such three-month period, and (b) the written instrument evidencing the Award or the Committee permits later exercise. No ISO may be exercised more than one year after the Grantee's termination of employment on account of disability, unless (a) the Grantee dies during such one-year period and (b) the written instrument evidencing the Award or the Committee permits later exercise.

9.3 The effect of death or termination of employment on Shares issuable or deliverable pursuant to any Restricted Stock Awards shall be as stated in the written instrument evidencing the Award.

9.4 A transfer of employment between the Company and a Subsidiary, or between Subsidiaries, shall not constitute a termination of employment for purposes of the Award and the Plan.

10. PROVISIONS RELATING TO TERMINATION OF THE COMPANY'S SEPARATE EXISTENCE

The Committee may provide that in the event that the Company is to be wholly or partially liquidated, or agrees to participate in a merger, consolidation or reorganization in which it or any entity controlled by it is not the surviving entity, any or all Options granted under the Plan shall be immediately exercisable in full and the restrictions relating to any or all Restricted Stock Awards made under the Plan shall immediately lapse.

11. WRITINGS EVIDENCING AWARDS

Each Award granted under the Plan shall be evidenced by a writing which may, but need not be, in the form of an agreement to be signed by the Grantee. The writing shall set forth the nature and size of the Award, its Term, the other terms and conditions thereof, and such other matters as the Committee directs. Acceptance of any benefits of an Award by the Grantee shall be an assent to the terms and conditions set forth therein, whether or not the writing is in the form of an agreement signed by the Grantee.

12. EXERCISE OF RIGHTS UNDER AWARDS

12.1 A person entitled to exercise an Option may do so only by delivery of a written notice to that effect specifying the number of Shares with respect to which the Option is being exercised and any other information which the Committee has previously prescribed and of which such person has been notified.

12.2 Such a notice shall be accompanied by payment in full of the purchase price of any Shares to be purchased thereunder, with such payment being made in cash or Shares having a Fair Market Value on the date of exercise of the Option equal to the purchase price payable under the Option, or a combination of cash and Shares, and no Shares shall be issued upon exercise of an Option until full payment has been made therefor; provided that payment in part or full by the transfer of Shares to the Company shall be subject to approval by the Committee.

12.3 Upon exercise of an Option or after grant of a Restricted Award under which a Right of First Refusal has been required with respect to some or all of the Shares subject to such Option, or included in the Restricted Stock Award, the Grantee shall be required to acknowledge, in writing, his or her understanding of such Right of First Refusal and the legend which shall be placed on the certificates for such Shares in respect thereof.

12.4 All notices or requests by a Grantee provided for herein shall be delivered to the Secretary of the Company.

13. EFFECTIVE DATE OF THE PLAN AND DURATION

13.1 The Plan shall become effective on September 1, 1995, the date of its approval by the Executive Committee of the Board of Directors of the Company, subject to approval of the stockholders at a meeting duly held in accordance with applicable law; and subject to approval by any governmental body, the approval of the Plan by which body is required under applicable law. No Option shall be exercisable nor shall any Shares be deliverable under a Restricted Stock Award prior to receipt of all required approvals.

13.2 No Awards may be granted under the Plan after September 1, 2005, although the terms of any Award may be amended at any time prior to the expiration of the Award in accordance with the Plan.

14. DATE OF AWARD

The date of an Award shall be the date on which the Committee's determination to grant the same is final, or such latter date as shall be specified by the Committee in connection with such determination.

15. STOCKHOLDER STATUS

No person shall have any rights as a stockholder by virtue of the grant of an Award under the Plan except with respect to Shares actually issued to that person.

16. POSTPONEMENT OF EXERCISE

The Committee may postpone any exercise of an Option or the delivery of any Shares pursuant to a Restricted Stock Award for such period as the Committee in its discretion may deem necessary in order to permit the Company (i) to effect or maintain registration of the Plan or the Shares issuable upon the exercise of an Option or distributable in satisfaction of a Restricted Stock Award under the Securities Act of 1933, as amended, or the securities laws of any applicable jurisdiction, (ii) to permit any action to be taken in order to comply with restrictions or regulations incident to the maintenance of a public market for its Shares or to list the Shares thereon; or (iii) to determine that such Shares and the Plan are exempt from such registration or that no action of the kind referred to in (ii) above need be taken; and the Company shall not be obligated by virtue of any terms and conditions of any Award or any provision of the Plan to permit the exercise of an Option to sell or deliver Shares in violation of the Securities Act of 1933 or other applicable law. Any such postponement shall not extend the Term of an Option nor shorten the Term of a restriction applicable under any Restricted Stock Award; and neither the Company nor its directors or officers or any of them shall have any obligation or liability to the Grantee of an Award, to any Successor of a Grantee or to any other person with respect to any Shares as to which an Option shall lapse because of such postponement or as to which issuance under a Restricted Stock Award was thereby delayed.

17. TERMINATION, SUSPENSION OR MODIFICATION OF PLAN

The Board may at any time terminate, suspend or modify the Plan, except that the Board shall not, without authorization of the stockholders of the Company, effect any change (other than through adjustment for changes in capitalization as herein provided) which increases the aggregate number of Shares for which Awards may be granted or sold, materially amends the formula for determining the purchase price of Shares on which Options may be granted, changes the class of employees eligible to receive Awards, extends the period during which Awards may be granted or removes the restrictions set forth in this sentence.

No termination, suspension or modification of the Plan shall adversely affect any right acquired by any Grantee or any Successor under an Award granted before the date of such termination, suspension or modification unless such Grantee or Successor shall consent thereto. Adjustments for changes in capitalization or corporate transactions as provided for herein shall not, however, be deemed to adversely affect such right.

18. ADJUSTMENTS FOR CHANGES IN CAPITALIZATION AND CORPORATE TRANSACTIONS

Any change in the number of outstanding shares of the Company occurring through stock splits, combination of shares, recapitalization, or stock dividends after the adoption of the Plan shall be appropriately reflected in an increase or decrease in the aggregate number of Shares then available for the grant of Awards under the Plan, or to become available through the termination, surrender or lapse of Awards previously granted and in the numbers of Shares subject to Restricted Stock Awards then outstanding; and appropriate adjustments shall be made in the per Share option price and/or number of Shares subject to the Option as to any outstanding Options. No fractional Shares shall result from such adjustments. Similar adjustments shall be made in the event of distribution of other securities in respect of outstanding Shares or in the event of a reorganization, merger, consolidation or any other change in the corporate structure or Shares of the Company, if and to the extent that the Committee deems such adjustments appropriate.

19. DELIVERY OF SHARES IN LIEU OF CASH INCENTIVE AWARDS OR DIRECTOR'S FEES

(a) Any employee otherwise eligible for an Award under the Plan who is eligible to receive a cash bonus or incentive payment from the Company under any management bonus or incentive plan of the Company or entitled to receive a cash payment for services rendered as a Director, may make application to the Committee in such manner as may be prescribed from time to time by the Committee to receive Shares available under the Plan in lieu of all or any portion of such cash payment. Such an application may be made by, and approved with respect to, a member of the Committee.

(b) The Committee may in its discretion honor such application by delivering Shares available under the Plan to such employee, equal in Fair Market Value on the delivery date to that portion of the cash payment otherwise payable to the employee under such bonus or incentive plan, or for services rendered as a Director, for which a Share delivery is to be made in lieu of cash payment.

(c) Any Shares delivered to an employee under this Section shall reduce the aggregate number of Shares authorized for issuance and delivery under the Plan.

(d) Such applications and such delivery of Shares shall not be permitted after the expiration of ten years from the effective date of the Plan. Delivery of such Shares shall be deemed to occur on the date certificates therefor are sent by United States mail or hand-delivered to the recipient.

20. NON-UNIFORM DETERMINATION PERMISSIBLE

The Committee's determination under the Plan including, without limitation, determinations as to the persons to receive Awards, the form, amount and type of Awards (i.e., ISOs, NQSOs or Restricted Stock Awards), the terms and provisions of Awards, the written instruments evidencing such Awards, and the granting or rejecting of applications for delivery of Shares in lieu of cash bonus or incentive payments or compensation of a Director need not be uniform as among persons similarly situated and may be made selectively among otherwise eligible employees or Directors, whether or not such employees or Directors are similarly situated.

21. TAXES

(a) The Company shall be entitled to withhold the amount of any withholding tax payable with respect to any Awards or Shares delivered in lieu of cash payments. The person entitled to receive Shares pursuant to the Award will be given notice as far in advance as practicable to permit such cash payment to be made to the Company. The Company may defer making delivery of Shares until indemnified to its satisfaction with respect to any such withholding tax.

(b) Notwithstanding the foregoing, at any time when a Grantee is required to pay to the Company an amount required to be withheld under applicable income tax laws, the Grantee may satisfy this obligation in whole or in part by electing (the "Election") to have the Company withhold Shares having a value equal to the amount required to be withheld. The value of the Shares to be withheld shall be based on the closing price of the Shares on the New York Stock Exchange on the date that the amount of tax to be withheld shall be determined ("Tax Date"). Each election must be made prior to the Tax Date. The Committee may disapprove any Election or may suspend or terminate the right to make Elections. An Election is irrevocable.

If the Grantee is a Section 16 Person, then an Election relating to taxes due upon the exercise of an NQSO is subject to the following additional restrictions:

(1) No Election shall be effective for a Tax Date which occurs within six months of the grant of the Option.

(2) The Election must be made either six months prior to the Tax Date or must be made during a period beginning on the third business day following the date of release for publication of the Company's quarterly or annual summary statement of sales and earnings and ending on the twelfth business day following such date (except that this limitation will not apply in the event death or disability of the Grantee occurs prior to the expiration of the six month period).

(3) If the Tax Date is deferred until six months after exercise, the full amount of shares of Common Stock otherwise issuable upon exercise of the Option will be issued and transferred to the Grantee upon exercise, but such Grantee shall be unconditionally obliged to tender back to the Company the proper number of shares of Common Stock on the Tax Date to satisfy the income tax withholding requirements, plus cash for any fractional amount.

22. TENURE

An employee's right, if any, to continue in the employ of the Company or a Subsidiary shall not be affected by the fact that he is a participant under this Plan; and the Company or Subsidiary shall retain the right to terminate his employment without regard to the effect such termination may have on any rights he may have under the Plan.

23. APPLICATION OF PROCEEDS

The proceeds received by the Company from sale of its Shares pursuant to Options granted under the Plan shall be used for general corporate purposes.

24. OTHER ACTIONS

Nothing in the Plan shall be construed to limit the authority of the Company to exercise all of its corporate rights and powers, including, by way of illustration and not by way of limitation, the right to grant Options for proper corporate purposes otherwise than under the Plan to any employee or any other person, firm, corporation, association or other entity, or to grant Options to, or assume Options of, any person in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of all or any part of the business or assets of any person, firm, corporation, association or other entity.

</TEXT>
</DOCUMENT>

100388

SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT

THIS AGREEMENT, made and entered into as of this 13 day of October , 1988, be and between UtiliCorp United, Inc., a Delaware corporation with its principle place of business in Kansas City, Missouri, (hereinafter referred to as the "Corporation"), and Dale J. Wolf, an individual residing in the State of Kansas (Hereinafter referred to as the "Employee").

WITNESSETH THAT:

WHEREAS, the Employee is employed by the Corporation; and

WHEREAS, the Corporation recognizes the valuable services performed for it by the Employee and wishes to encourage his continued employment; and

WHEREAS, the Employee desires assurance that he will receive a level of retirement income from and after his retirement from active service with the Corporation that will take into account his entire period of employment with Missouri Public Service Company, now a division of the Corporation; and

WHEREAS, the Employee desires assurance that he will receive a level of retirement income from and after his retirement from active service with the Corporation which is no less than he would have received has he remained a participant in the Missouri Public Service Company Non−Union Pension Plan (hereinafter referred to as the "MPS Plan") (under the terms of said Plan as in effect on July 31, 1988) until his retirement or other termination of employment; and

WHEREAS, the parties hereto wish to set forth the terms and con− ditions upon which the Corporation shall pay supplemental retirement income to the Employee in addition to that provided by qualified pen− sion plans sponsored by the Corporation.

NOW, THEREFORE, in consideration of the premises and of the mu− tual promises herein contained, the parties hereto agree as follows:

1. RETIREMENT BENEFIT.

In consideration of the Employee's continued employment, the Corporation shall pay a supplemental retirement benefit to the Employee equal to the greater of (A) or (B):

(A) An amount equal to the excess, if any, of (a) over (b):

(a) An amount equal to the present value of what would have been the Employee's accrued benefits under the

MPS Plan as of the time of the commencement of monthly retirement income to the Employee under the UtiliCorp United Inc. Retirement Income Plan (UtiliCorp Plan), assuming:

(i) the Employee had remained a participant in the MPS Plan until his termination of employment with the Corporation;

(ii) the Employee's years of Credited Service and Service under the MPS Plan equaled his combined actual years of Credited Service and Service under the MPS Plan and the UtiliCorp Plan; provided, however, no years of Credited Service and Service shall be counted under both the MPS Plan and UtiliCorp Plan for the same period of employment; and

(iii) the provision of the MPS Plan as of July 31, 1988 (including those provisions reducing the Employee's accrued benefit in the event his retirement benefits commenced prior to his attainment of age (62) remained unchanged.

(b) An amount equal to the sum of:

(i) the present value of the Employee's accrued benefits under the UtiliCorp Plan as of the time of the commencement of monthly retirement income to the Employee under said Plan, calculated in accordance with the provisions of the UtiliCorp Plan, (including those provisions reducing the Employee's accrued benefit in the event his retirement benefits commence prior to his attainment of age 62); and

(ii) the value of the Employee's plan account(s) in the UtiliCorp United Inc. Employee Stock Ownership Plan (ESOP), determined as of the valuation date next preceding the Employee's termination of employment with the Corporation. The fair market value of Corporation common stock or other employer securities in the Employee's ESOP plan account(s) shall be determined in the same manner for purposes of this Agreement as under the ESOP.

(B) An amount equal to the excess of (a) over (b):

(a) An amount equal to the present value of the Employee's accrued benefits under the UtiliCorp Plan as of the time of the commencement of monthly retirement income under the UtiliCorp Plan, calculated in accordance with the provisions reducing the Employee's accrued benefit in the event his monthly retirement income commences prior to his attainment of age (62), but with the addition of 6.74 years of benefit accrual service (Credited Service).

(b) An amount equal to the present value of the Employee's accrued benefits under the UtiliCorp Plan as of the time of the commencement of monthly retirement income under the UtiliCorp Plan, Calculated in accordance with the provisions of the UtiliCorp Plan (including those provisions reducing the Employee's accrued benefit in the event his monthly retirement income commences prior to his attainment of age 62).

For purposes of this paragraph, the present value of the Employee's accrued benefits shall be calculated using the same interest rate assumption as is used for determining the actuarial value of benefits under the UtiliCorp Plan as of the time monthly retirement income commences to the Employee under the UtiliCorp Plan.

2. EFFECT OF EARLY ESOP DISTRIBUTIONS.

Notwithstanding subparagraph 1(A) (b) (ii), if the Employee should receive a distribution from the ESOP prior to the time monthly retirement income commences to the Employee under the UtiliCorp Plan, the value of such distribution determined as of the date of the distribution shall be added to the total amount described in subparagraph 1(A) (b) in determining the amount of the Employee's supplemental retirement benefit.

3. PAYMENT OF BENEFITS.

No benefit payments will commence under this Agreement prior to the Employee's termination of employment with the Corporation. Benefits under this Agreement shall be paid by the Corporation in the same manner and at or about the time benefits are paid to the Employee under the UtiliCorp Plan in accordance with elections made by the Employee under the UtiliCorp Plan. Such benefit payments shall be the actuarial equivalent of the amount described in paragraph 1 using the same assumptions for determining actuarial equivalents as described in the UtiliCorp Plan at the time of the Employee's retirement.

4. DEATH BENEFITS FOR SPOUSE.

Should the Employee die before the commencement of monthly retirement income under the UtiliCorp Plan, a monthly benefit shall be payable to his surviving spouse, if any, for her life, commencing as of the date that death benefits commence to the spouse under the UtiliCorp Plan. The amount of such monthly benefit shall be equal to 50% of the monthly benefit that would have been payable to the Employee under this Agreement during his lifetime had he elected to retire as of the date of his death and receive payments under the UtiliCorp Plan in the form of a 50% joint and survivor annuity with his surviving spouse as beneficiary.

5. NO CONTRACT OF EMPLOYMENT.

Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon the Employee the right to continue in the employ of the Corporation in his present capacity, or in any other capacity.

6. BENEFITS PAYABLE ONLY FROM CORPORATE ASSETS.

(a) Nothing contained in this Agreement, and no action taken pursuant to its provisions by either party shall create or be construed to create, a trust of any kind, or a fiduciary relationship between the Corporation and the Employee or any other person.

(b) The payments to the Employee or his surviving spouse shall be made from assets which shall continue for all purposes to be a part of the general assets of the Corporation and no person shall acquire any interest in such assets by virtue of this Agreement. To the extent the Employee or his surviving spouse acquires a right to receive payments from the Corporation under this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

7. NON-ASSIGNABILITY OF BENEFITS.

Neither the Employee nor his spouse shall have the power or right to transfer, assign, anticipate, hypothecate or otherwise encumber all or any part of the amounts payable by the Corporation hereunder. Such amounts shall not be subject to seizure by any creditor of the Employee, by a proceeding at law or in equity, nor transferable by operation of law in the event of bankruptcy, insolvency or death of the Employee or his spouse. Notwithstanding any provision to the contrary in this Agreement, any such attempted assignment, transfer or encumbrance shall be void.

8. AMENDMENT.

This Agreement may not be amended, altered or modified, except by a written instrument signed by both parties and may not be terminated, except as provided herein.

9. GOVERNING LAW.

This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the parties have executed this Agreement, in duplicate, as of the date first written above.

UTILICORP UNITED INC.
"Corporation"

ATTEST:

/s/Roger K. Sallee
Secretary

by s/Richard Green, Jr.
President

"Employee"

s/Dale J. Wolf
Dale J. Wolf

</TEXT>
</DOCUMENT>

SEVERANCE COMPENSATION AGREEMENT

This Agreement is effective as of the date it is signed by both UTILICORP UNITED INC., a Delaware corporation (the "Company"), and ____ ("Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a Change in Control (as defined in Section 2 below) of the Company or a Spin-Off affecting Executive (as defined in Section 3 below) of a business unit of the Company; and

WHEREAS, this Agreement sets forth the severance compensation to which the Executive will be entitled upon certain conditions if the Executive's employment with the Company or a Spin-Off Purchaser (as defined in Section 3) terminates following a Change in Control or a Spin-Off.

1. TERM. This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earliest of (a) three years from the date hereof if a Change in Control or a Spin-Off affecting Executive has not occurred within such three-year period; provided that the term of this Agreement shall be automatically extended for an additional year upon each anniversary of the date hereof until a party provides notice to the other party that such automatic extention shall cease, in which case this Agreement shall terminate at the end of the then existing three-year term; (b) the termination of the Executive's employment prior to a Change in Control or a Spin-Off affecting Executive by the Company or the Executive for any reason, with or without Cause (as defined in Section 4(c) below); (c) the Executive's death; (d) the termination of the Executive's employment following a Change in Control or a Spin-Off affecting Executive by the Company, or the Spin-Off Purchaser, as the case may be, for Cause, or as a result of the Executive's Disability (as defined in Section 4(a) below), or Retirement (as defined in Section 4(b) below); (e) the termination of the Executive's employment following a Change in Control or a Spin-Off affecting Executive by the Executive for any reason other than for Good Reason (as defined in Section 4(d) below; or (f) three years from the date of a Change in Control of the Company or one year from the date of a Spin-Off affecting Executive.

2. CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (i) there shall be consummated (x) any reorganization, consolidation or merger of the Company in which the Company is not the continuing

or surviving corporation or pursuant to which shares of the Company's Voting Securities (as defined below) would be converted into cash, securities or other property, other than a reorganization, consolidation or merger of the Company in which the holders of the Company's Voting Securities immediately prior to the reorganization, consolidation or merger own at least 66 2/3% of the Voting Securities of the surviving corporation immediately after the reorganization, consolidation or merger, or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; (ii) the holders of the Voting Securities of the Company approve any plan or proposal for the liquidation or dissolution of the Company; (iii) any person (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d−3 under the Exchange Act) of 20% or more of the Company's outstanding Voting Securities (other than as a result of an acquisition directly from the Company); provided, that no acquisition by the Company, its affiliates, or any employee benefit plan of the Company or its affiliates shall be deemed to constitute a Change in Control; (iv) at the time that individuals who, as of the date hereof, constitute the board of directors of the Company (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a−11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (v) the occurrence of any other event which the Incumbent Board in its sole discretion determines constitutes a Change in Control. For purposes of this Agreement, "Voting Securities" of a person means equity securities or equity interests having a general right to vote for election of the members of the board of directors or managers of such person.

3. SPIN−OFF AFFECTING EXECUTIVE.

(a) A Spin−Off affecting Executive shall be deemed to have occurred if (i) there shall be consummated by the Company any Disposition (as defined below) of any Business Unit (as defined below): and (ii) as a result of such Disposition the Executive's employment with the Company is terminated.

(b) "Business Unit" means any direct or indirect subsidiary of the Company (of which the Company holds directly or indirectly at least 50% of the Voting Securities), or any unincorporated unit of the Company, which subsidiary or unincorporated unit is operated as a unit within the Company and which is determined by the Incumbent Board in its sole discretion to be a separate business unit at the time of the Disposition.

(c) "Disposition" means any of the following: (i) there shall be consummated (x) any reorganization, consolidation or merger of the Business Unit following which the Company owns, directly and indirectly, less than 50% of the Voting Securities of the Business Unit (if the Business Unit was prior to such transaction a subsidiary of the Company), or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Business Unit; (ii) the holders of the Voting Securities of the Business Unit approve any plan or proposal for the liquidation or dissolution of the Business Unit (unless such Business Unit continues to function as an unincorporated Business Unit within the Company, as determined by the Incumbent Board in its sole discretion); or (iii) the occurrence of any other event which the Incumbent Board in its sole discretion determines constitutes a Spin-Off affecting Executive.

(d) For purposes of this Agreement, "Spin-Off Purchaser" shall mean (i) in the case of a reorganization, consolidation or merger involving a Business Unit which is a direct or indirect subsidiary of the Company, the surviving corporation of the merger or consolidation; (ii) in the case of the sale, lease or exchange of all or substantially all of the assets of a Business Unit, the person acquiring control of such assets; and (iii) in any other case, the person whom the Incumbent Board in its reasonable discretion determines is the Spin-Off Purchaser.

4. OTHER DEFINITIONS.

(a) DISABILITY. The term "Disability" as used in this Agreement shall mean the Executive's incapacity due to physical or mental illness which shall have caused the Executive to have been absent from his or her duties with the Company or the Spin-Off Purchaser, as the case may be, on a full-time basis for six months and the Executive shall not have returned to the full-time performance of the Executive's duties within 30 days after written Notice of Termination (as defined in paragraph 4(e) below) has been given by the Company or the Spin-Off Purchaser, as the case may be.

(b) RETIREMENT. The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having retired pursuant to the then existing retirement plan of the Company or the Spin-Off Purchaser, as the case may be, at or after age 65 or by any agreement between the Company or the Spin-Off Purchaser, as the case may be, and the Executive, or by any generally applicable retirement policy of the Company or the Spin-Off Purchaser, as the case may be.

(c) CAUSE. The term "Cause" as used in this Agreement shall mean (i) the willful and continued failure by the Executive to substantially perform his or her duties of employment with Company or the Spin-Off Purchaser, as the case may be (other than any such failure resulting from the Executive's incapacity due to physical or mental illness), unless the Executive uses reasonable efforts to correct such failure within a reasonable time after demand for substantial performance is delivered by the Company or the Spin-Off Purchaser, as the case may be, that specifically identifies the manner in which the Company or the Spin-Off Purchaser, as the case may be, believes the Executive has not substantially performed his or her duties, (ii) the willful misconduct by the Executive which materially injures the Company or the Spin-Off Purchaser, as the case may be, monetarily or otherwise, or (iii) conviction of, or entry of a plea of NOLO CONTENDERE with regard to, any felony or any crime involving moral turpitude or dishonesty of or by the Executive. For purposes of this paragraph, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him or her not in good faith and without reasonable belief that his or her action or omission was in, or not opposed to, the best interests of the Company or the Spin-Off Purchaser, as the case may be.

(d) GOOD REASON.

(i) For purposes of this Agreement "Good Reason" shall mean any of the following if the same shall occur, without the Executive's express written consent, within three years after a Change of Control:

(A) the assignment to the Executive of duties materially inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to the Change in Control, or a material adverse change in the Executive's titles or reporting relationships as in effect immediately prior to the Change in Control, or any removal of the Executive from or any failure to reelect the Executive to any of such positions;

(B) a reduction in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement, or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after such Change in Control in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for the Executive during the three-year period immediately preceding the Change in Control;

(C) any failure by the Company to continue in effect any benefit plan or arrangement such as health, life and disability insurance in which the Executive was participating at the time of the Change in Control, or other material fringe benefits (such as SERPs, deferred compensation plans, or 401(k) plans) enjoyed by the Executive at the time of the Change in Control (or plans or arrangements or other benefits providing him or her with substantially similar or better benefits, taken in the aggregate) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plans, taken in the aggregate;

(D) any failure by the Company to continue in effect any incentive plan or arrangement, such as bonus or performance plans, in which the Executive was participating at the time of the Change in Control (or plans or arrangements providing him or her with substantially similar or better benefits, taken in the aggregate) (hereinafter referred to as "Incentive Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, expressed as a percentage of his or her base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(E) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Company's Stock Incentive Plan and any other plan or arrangement to receive and exercise stock options, stock appreciation rights, restricted stock or grants thereof) in which the Executive was participating at the time of the Change in Control (or plans or arrangements providing him or her with substantially similar or better benefits, taken in the aggregate) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(F) Any requirement that the Executive relocate to any place outside of the metropolitan area in which the Executive performed the Executive's duties prior to the Change in Control, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of the Change in Control;

(G) any reduction in the number of paid vacation days per year to which the Executive was entitled immediately preceding the Change in Control;

(H) any material breach by the Company of any provision of this Agreement;

(I) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(J) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 4(e), and for purposes of this Agreement, no such purported termination shall be effective.

(ii) For purposes of this Agreement "Good Reason" shall mean any of the following if the same shall occur, without the Executive's express written consent, within one year after a Spin-Off affecting Executive (within the meaning of Section 3) where the Executive has accepted employment with the Spin-Off Purchaser or an affiliate of the Spin-Off Purchaser:

(A) the assignment to the Executive of duties with respect to the Business Unit materially inconsistent with the Executive's position, duties, responsibilities and status with respect to the Business Unit immediately prior to the Spin-Off, or a material adverse change in the Executive's titles or reporting relationships with respect to the Business Unit as in effect immediately prior to the Spin-Off, or any removal of the Executive from or any failure to reelect the Executive to any of such positions;

(B) a reduction in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement, or the failure to increase (within 12 months of the Executive's last increase in base salary prior to the Spin-Off) the Executive's base salary after such Spin-Off in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for the Executive during the three-year period immediately preceding the Spin-Off;

(C) any failure to have in effect Benefit Plans providing Executive with benefits substantially similar to or better than the benefits, taken in the aggregate, available to Executive under the Benefit Plans in which the Executive was participating at the time of the Spin-Off, or the taking of any action by the Spin-Off Purchaser which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan, taken in the aggregate;

(D) any failure to have in effect Incentive Plans providing Executive with benefits substantially similar to or better than the benefits, taken in the aggregate, available to Executive under the Incentive Plans in which the Executive was participating at the time of the Spin-Off, or the taking of any action by the Spin-Off Purchaser which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, expressed as a percentage of his or her base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(E) any requirement that the Executive relocate to any place outside of the metropolitan area in which the Executive performed the Executive's duties prior to the Spin-Off, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of the Spin-Off;

(F) any reduction in the number of paid vacation days per year to which the Executive was entitled immediately preceding the Spin-Off;

(G) any material breach by the Company or the Spin-Off Purchaser of any provision of this Agreement;

(H) any failure by the Company to obtain the assumption of this Agreement by the Spin-Off Purchaser; or

(I) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 4(e), and for purposes of this Agreement, no such purported termination shall be effective.

(e) NOTICE OF TERMINATION. Any termination of the Executive's employment due to the Executive's Disability or Retirement, or for Cause, shall be effected pursuant to a Notice of Termination conforming to the requirements of this section. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment. For purposes of this Agreement, no such purported termination shall be effective without such Notice of Termination.

(f) DATE OF TERMINATION. "Date of Termination" shall mean (i) if this Agreement is terminated by the Executive for Good Reason, the date Executive delivers notice of such termination to the Company or the Spin-Off Purchaser, as the case may be; (ii) if Executive's employment is terminated by the Company or the Spin-Off Purchaser, as the case may be, for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have offered to return and is able to return to the performance of the Executive's duties on a full-time basis during such 30-day period) or (iii) if the Executive's employment is terminated by the Company or the Spin-Off Purchaser, as the case may be, for any other reason, the date on which a Notice of Termination is given.

5. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT. The Executive shall be entitled to payments and other benefits as set forth in Sections 5(a) and 5(b) upon the occurrence of any of the following: (x) within three years following a Change in Control, the Company shall terminate the Executive's employment other than for Disability, Retirement, or Cause, or, within such three-year period, the Executive shall terminate his or her employment for Good Reason; (y) in connection with a Spin-Off

affecting Executive where the Executive does not become employed by the Spin-Off Purchaser, the Company shall, at or within one year following such Spin-Off, terminate the Executive's employment other than for Disability, Retirement, or Cause, or the Executive shall terminate his or her employment for any of the grounds defined as "Good Reason" in Section 4(d)(i) (other than the grounds set forth in Section 4(d)(i)(A)); provided that the Company shall have no liability to Executive in the event that the Spin-Off Purchaser shall have offered employment to Executive on terms which would not give Executive grounds to terminate his or her employment for Good Reason pursuant to Section 4(d)(ii) (any such termination by the Company, where the Executive does not receive such an offer from the Spin-Off Purchaser, shall be referred to herein as a "Spin-Off Termination"); or (z) within one year following a Spin-Off affecting the Executive, the Spin-Off Purchaser shall terminate the Executive's employment other than for Disability, Retirement, or Cause, or within such one-year period, the Executive shall terminate his or her employment for Good Reason. Except as specifically provided in this Section 5, the Executive shall have no right to receive compensation under this Agreement. Termination of employment due to death shall not give rise to any rights to compensation under this Agreement. In the case of (x) and (y) above, the Company shall be liable to make such payments and provide such benefits, and in the case of (z) above, the Spin-Off Purchaser shall be liable to make such payments and provide such benefits (except that in the case of (z) above the Company shall be bound by the provisions of Section 5(b)(ii)(A)).

(a) SEVERANCE PAY. The Company, or the Spin-Off Purchaser, as the case may be, shall pay as severance pay in a lump sum, in cash, on the fifth business day following the Date of Termination, an amount equal to:

(i) In the event that such termination follows a Change in Control, 2.99 times the average of the aggregate annual compensation includable for Federal income tax purposes as gross income paid to the Executive by the Company and any of its subsidiaries during the five calendar years ending immediately before the Change in Control (the "Executive's Average Annual Compensation") (provided, that if the Executive was not employed by the Company or any of its subsidiaries for the entire duration of such five-year period, the "Executive's Average Annual Compensation" shall be the annualized average of the Executive's aggregate compensation includable for Federal income tax purposes as gross income paid by the Company and any of its subsidiaries during the portion of such five-year period during which the Executive was employed by the Company or any of its subsidiaries); and

(ii) In the event that such termination is in connection with or follows a Spin-Off, 1.0 times the Executive's Average Annual Compensation.

(b) OTHER BENEFITS. In addition to compensation set forth in Section 5(a) hereof, subject to the provisions and limitations set forth below, the Executive shall be entitled to the following benefits from the Company or the Spin-Off Purchaser, as the case may be:

(i) In the event of termination of Executive's employment following a Change in Control, or in the event of a Spin-Off Termination of Executive, the following benefits shall be provided to Executive:

(A) Commencing on the Date of Termination and for a period of three months thereafter, the Executive may exercise all stock options granted to the Executive pursuant to the Company's Stock Incentive Plan or any such other stock plan. Such stock options shall be exercisable whether or not: (i) a period of one year has elapsed from the date of grant to the date of exercise; or (ii) any installment exercise terms as stipulated by the Committee in any agreement issued under the Plan have been satisfied. However, in no event shall the Executive exercise any stock option after the expiration of the option period as stipulated in an agreement issued under such Plan;

(B) Effective as of the Date of Termination, any restrictions relating to stock awards under the Company's Stock Incentive Plan shall lapse;

(C) Effective as of the Date of Termination, any compensation which has been deferred will be paid upon termination; and

(D) Effective as of the Date of Termination, the Executive will be immediately vested in any long term incentive compensation under any long term incentive plan of the Company.

(ii) In the event of termination of Executive's employment by the Spin-Off Purchaser following a Spin-Off, the following benefits shall be provided to Executive:

(A) If Executive's employment by the Spin-Off Purchaser is terminated within three months after the termination of Executive's employment by the Company, commencing on the Date of Termination and for the remainder of the period of three months following the termination of Executive's employment by the Company, the Executive may exercise all stock options granted to the Executive pursuant to the Company's Stock Incentive Plan or any such other stock plan. Such stock options shall be exercisable whether or not: (i) a period of one year has elapsed from the date of grant to the date of exercise; or (ii) any installment exercise terms as stipulated by the Committee in any agreement issued under the Plan have been satisfied. However, in no event shall the Executive exercise any stock option after the expiration of the option period as stipulated in an agreement issued under such Plan];

(B) If Executive's employment by the Spin−Off Purchaser is terminated more than three months after the termination of Executive's employment by the Company, the Spin−Off Purchaser shall pay to the Executive, in cash, the amount determined by multiplying (x) the number of stock options granted to the Executive pursuant to the Company's Stock Incentive Plan or any such other stock plan which Executive did not have the right to exercise upon the termination of his or her employment by the Company (other than stock options with respect to which the option period as stipulated in an agreement issued under said Plan had expired), by (y) the difference between (A) the closing price for the Company's stock on the New York Stock Exchange on the day of the termination of Employee's Employment by the Company and (B) the average exercise price of such options;

(C) The Spin−Off Purchaser shall pay to the Executive, in cash, the amount determined by multiplying (x) the number of shares of stock which had been awarded to the Executive pursuant to the Company's Stock Incentive Plan, but which were restricted and which Executive forfeited due to the termination of his or her employment with the Company, by (y) the closing price for the Company's stock on the New York Stock Exchange on the day of the termination of Employee's employment by the Company;

(D) The Spin−Off Purchaser shall pay to the Executive, in cash, the amount of any deferred compensation forfeited by the Executive due to the termination of his or her employment with the Company; and

(E) The Spin−Off Purchaser shall pay to the Executive, in cash, the amount of any long term incentive compensation under any long term incentive plan of the Company forfeited by the Executive due to the termination of his or her employment with the Company.

(iii) Effective as of the Date of Termination, the Company (in the case of a termination following a Change in Control or a Spin−Off Termination, or the Spin−Off Purchaser, in the case of termination of the Executive following employment by the Spin−Off Purchaser) will provide a benefit under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") and Section 4980 of the Code, as follows: the Company or the Spin−Off Purchaser, as the case may be, shall pay the percentage of the cost of COBRA coverage with respect to the Executive's coverage status (e.g., individual or family coverage) in effect immediately prior to the Date of Termination for the maximum period of continuation coverage then required or permitted under COBRA, which percentage shall be the fraction (expressed as a percentage), the numerator of which shall be the difference between (x) the monthly cost of COBRA coverage for the Executive's coverage status in effect immediately prior to the Date of Termination and (y) the Executive's monthly contribution toward the Executive's coverage in effect immediately prior to the Date of Termination, and the denominator of which shall be the monthly cost of COBRA coverage for the Executive's coverage status in effect immediately prior the Date of Termination. All of such amounts shall be determined as of the day immediately preceding the Date of Termination. The insurance continuation benefits paid for hereunder shall be deemed to be a part of the Executive's COBRA coverage. In addition, in the event of termination following a Change in Control, the Company shall, beginning at the expiration of the Executive's COBRA continuation coverage under this paragraph and continuing until three (3) years after the Date of Termination, provide the Executive with health insurance coverage at the same cost to the Executive and at the same level of coverage for the Executive as the COBRA continuation coverage in effect immediately prior to the expiration of the Executive's COBRA continuation coverage. The Company shall, at the Executive's option, contribute amounts it is required to contribute on behalf of Executive pursuant to this Section 5(b) (iii) either to: (A) plans maintained for the Company's employees; or (B) a private medical plan of the Executive's choice if the Executive chooses not to participate in the plans referred to in (A). All such benefits shall be in addition to any other benefits relating to health or medical care benefits that are available under the Company's policies to the Executive following termination of employment.

(iv) An additional cash payment shall be made as follows:

(A) In the event of termination of Executive's employment following a Change in Control, the Company will pay to the Executive, in cash, at the time the Company makes the payments required under Section 5(a), an amount equal to the sum of the annual incentive paid to the Executive in each of the immediately preceding two calendar years; or

(B) The Company, in the event of a Spin-Off Termination of Executive, or the Spin-Off Purchaser, in the event of termination of Executive's employment by the Spin-Off Purchaser following a Spin-Off, will pay to the Executive, in cash, at the time the Company or the Spin-Off Purchaser, as the case may be, makes the payments required under Section 5(a), an amount equal to the sum of the annual incentive paid to the Executive in the immediately preceding calendar year.

(c) REDUCTION OF PAYMENTS.

(i) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable as severance benefits hereunder shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of such severance benefits without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. Anything to the contrary notwithstanding, if the Reduced Amount is zero and it is determined further that any Payment which is not part of the severance benefits payable hereunder would nevertheless be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which are not severance benefits under this Agreement shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate present value of Payments without causing any payment to be nondeductible by the Company because of Section 280G of the Code. For purposes of this paragraph 5, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this paragraph 5 shall be made by an accounting firm jointly selected by the Executive and the Company (the "Accounting Firm") and paid by the Company; provided that the Company shall have the right to appoint the Company's independent auditors to make such determinations, and such appointment shall be final. The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination or such earlier time as is requested by the Company and an opinion to the Executive that he or she has substantial authority not to report any excise tax on his Federal income tax return with respect to any Payments. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. The Executive shall determine which and how much of the Payments, shall be eliminated or reduced consistent with the requirements of this paragraph 5, provided that, if the Executive does not make such determination within ten business days of the receipt of the calculations made by the Accounting Firm, the Company shall elect which and how much of the Payments shall be eliminated or reduced consistent with the requirements of this paragraph 5 and shall notify the Executive promptly of such election; and provided further that any Payments which do not constitute gross income to the Executive shall not be reduced or eliminated unless all other Payments have first been eliminated. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement.

(iii) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Payments will have been made by the Company which should not have been made ("Overpayment") or that Payments will not have been made by the Company which could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Executive or the Company which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be treated for all purposes as a loan AB INITIO to the Executive which the Executive shall repay to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; PROVIDED, HOWEVER, that no such loan shall be deemed to have been made and no amount shall be payable to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at 120% of the applicable federal rate provided for in Section 7872(f)(2) of the Code, compounded semiannually.

(iv) In the event that a reduction of benefits and payments is required pursuant to this section (c), the Company shall, to the extent practicable and permitted without causing any Overpayment, permit the Executive to select which payments and benefits provided for hereunder will be paid as provided by the Company to the Executive.

6. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or arrangement.

7. SUCCESSOR TO THE COMPANY.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or in the event of a Spin-Off that may affect the Executive's employment with the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 8 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. If at any time during the term of this Agreement the Executive is employed by any corporation, a majority of the Voting Securities of which is then owned by the Company, or other entity of which a majority of the Voting Securities is owned by the Company, "Company" as used in Sections 4, 5, 13 and 14 hereof shall in addition include such employer. In such event, the Company agrees that it shall pay or shall cause such employer to pay any amounts owed to the Executive pursuant to Section 5 hereof.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him or her hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee, or if there be no such designee, to the Executive's estate. The services to be provided by the Executive to the Company under this Agreement are personal and are not delegable or assignable.

8. NOTICE. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

UtiliCorp United Inc.
911 Main Street, Suite 2000
Kansas City, Missouri 64199
ATTN: Corporate Secretary

If to the Executive to the address of the Executive on the books of the Company.

Another address may be used if a party has furnished a different address to the other party in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. SOLE AGREEMENT. This Agreement represents the entire agreement between the parties with respect to the matters contemplated herein. Any earlier agreement relating to severance compensation between the parties or between the Executive and any affiliate of the Company is hereby terminated and superseded, and all obligations by either party thereunder shall cease immediately preceding the commencement of the term of this Agreement and are hereby agreed to be satisfied in full. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

10. VALIDITY. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. LEGAL FEES AND EXPENSES. The Company, or, in the event of a Spin-Off affecting Executive in which the Spin-Off Purchaser employs the Executive, the Spin-Off Purchaser, shall pay all legal fees and expenses which the Executive reasonably may incur as a result of the Company's or the Spin-Off Purchaser's (as the case may be) contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

13. CONFIDENTIAL INFORMATION. The Executive agrees not to disclose during the term hereof or thereafter any of the Company's confidential or trade secret information, except as required by law. The Executive recognizes that the Executive shall be employed in a sensitive position in which, as a result of a relationship of trust and confidence, the Executive will

have access to trade secrets and other highly confidential and sensitive information. The Executive further recognizes that the knowledge and informed acquired by the Executive concerning the Company's materials regarding employer/employee contracts, customers, pricing schedules, advertising and interviewing techniques, manuals, systems, procedures and forms represent the most vital part of the Company's business and constitute by their very nature, trade secrets and confidential knowledge and information. The Executive hereby stipulates and agrees that all such information and materials shall be considered trade secrets and confidential information. If it is at any time determined that any of the information or materials identified in this paragraph 14 are, in whole or in part, not entitled to protection as trade secrets, they shall nevertheless be considered and treated as confidential information in the same manner as trade secrets, to the maximum extent permitted by law. The Executive further agrees that all such trade secrets or other confidential information, and any copy, extract or summary thereof, whether originated or prepared by or for the Executive or otherwise coming into the Executive's knowledge, possession, custody, or control, shall be and remain the exclusive property of the Company.

14. WITHHOLDING. The Company or the Spin-Off Purchaser, as the case may be, may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

15. ARBITRATION. Any claim or controversy arising out of or relating to this Agreement or any breach thereof shall be settled by arbitration. Any such arbitration shall take place in Kansas City, Missouri, in accordance with the rules of the American Arbitration Association. Any award rendered shall be final and conclusive upon the parties and judgment therein may be entered in the highest court of the forum, state or federal, having jurisdiction.

16. ATTACHMENT. Except as required by law, the right to receive payments under this Agreement shall not be subject to anticipation, sale, encumbrance, charge, levy, or similar process or assignment by operation of law.

17. WAIVERS. Any waiver by a party or any breach of this Agreement by another party shall not be construed as a continuing waiver or as a consent to any subsequent breach by the other party. Except as otherwise expressly set forth herein, no failure on the part of any party hereto to exercise and no delay in exercising any right, power or remedy hereunder shall operate s a waiver thereof, nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

18. HEADINGS. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

19. GOVERNING LAW. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Missouri.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

UTILICORP UNITED INC.

By ________________________________

Title: _____________________________

Date: ______________________________

EXECUTIVE

____

Date: ______________________________

</TEXT>
</DOCUMENT>

EXHIBIT 10(a)(13)

UTILICORP UNITED INC.
LIFE INSURANCE PROGRAM FOR OFFICERS

The Company maintains a term life insurance program for certain officers of the Company, including the named executive officers, providing for death benefits equal to three times such officer's base salary.

</TEXT>
</DOCUMENT>

EXHIBIT 11

UTILICORP UNITED INC.
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

Line No.		For the Year Ended December 31, 1995	1994	1993
	Earnings available for common shares:			
(a)	Earnings available for common shares as reported	77.7	91.4	79.5
(b)	Elimination of interest on convertible subordinated debenture, net of tax	.22	.55	.64
(c)	Elimination of dividends on cumulative convertible preference stock	-	.93	4.88
(d)	Fully Diluted Earnings Available	77.9	92.9	85.0
	Weighted average common shares outstanding:			
(e)	Primary weighted average shares outstanding as reported	45.08	43.97	40.74
(f)	Assumed conversion of convertible subordinated debenture	.39	.55	.66
(g)	Assumed conversion of cumulative convertible preference shares	-	.66	2.87
(h)	Fully diluted weighted average shares outstanding	45.47	45.18	44.27
	Earnings Per Common Share:			
	Primary (a/e)	$1.72	$2.08	$1.95
	Fully Diluted (d/h)	1.71	2.06	1.92

</TEXT>
</DOCUMENT>

EXHIBIT 21

UTILICORP UNITED INC.
SUBSIDIARIES
1995 ANNUAL REPORT ON FORM 10-K

Subsidiary	Jurisdiction of Incorporation
West Kootenay Power Ltd.	Province of British Columbia
UtilCo Group Inc.	Delaware
Aquila Energy Corporation	Delaware
UtiliCorp Asia Pacific Inc.	Delaware

</TEXT>
</DOCUMENT>

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

As Independent Public Accountants we hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (No. 33-60406, No. 33-47289, No. 33-59237, No. 33-57167 and No. 33-39466) and on Form S-8 (No. 33-45525, No. 33-50260, No. 33-45074 and No. 33-52094) of UtiliCorp United Inc. of our reports dated February 6, 1996 appearing on pages 59 and 62 of the Annual Report on Form 10-K. It should be noted that we have not audited any financial statements of UtiliCorp United Inc. subsequent to December 31, 1995 or performed any audit procedures subsequent to the date of our reports.

ARTHUR ANDERSEN LLP

Kansas City, Missouri
February 21, 1996
</TEXT>
</DOCUMENT>

<ARTICLE> UT
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000,000

<PERIOD-TYPE> YEAR
<FISCAL-YEAR-END> DEC-31-1995
<PERIOD-START> JAN-01-1995
<PERIOD-END> DEC-31-1995
<BOOK-VALUE> PER-BOOK
<TOTAL-NET-UTILITY-PLANT> 0
<OTHER-PROPERTY-AND-INVEST> 0
<TOTAL-CURRENT-ASSETS> 676
<TOTAL-DEFERRED-CHARGES> 180
<OTHER-ASSETS> 3030
<TOTAL-ASSETS> 3886
<COMMON> 46
<CAPITAL-SURPLUS-PAID-IN> 801
<RETAINED-EARNINGS> 106
<TOTAL-COMMON-STOCKHOLDERS-EQ> 946
<PREFERRED-MANDATORY> 0
<PREFERRED> 25
<LONG-TERM-DEBT-NET> 1355
<SHORT-TERM-NOTES> 153
<LONG-TERM-NOTES-PAYABLE> 0
<COMMERCIAL-PAPER-OBLIGATIONS> 136
<LONG-TERM-DEBT-CURRENT-PORT> 15
<PREFERRED-STOCK-CURRENT> 0
<CAPITAL-LEASE-OBLIGATIONS> 0
<LEASES-CURRENT> 0
<OTHER-ITEMS-CAPITAL-AND-LIAB> 1256
<TOT-CAPITALIZATION-AND-LIAB> 3886
<GROSS-OPERATING-REVENUE> 2799
<INCOME-TAX-EXPENSE> 52
<OTHER-OPERATING-EXPENSES> 0
<TOTAL-OPERATING-EXPENSES> 512
<OPERATING-INCOME-LOSS> 225
<OTHER-INCOME-NET> 0
<INCOME-BEFORE-INTEREST-EXPEN> 245
<TOTAL-INTEREST-EXPENSE> 113
<NET-INCOME> 80
<PREFERRED-STOCK-DIVIDENDS> 2
<EARNINGS-AVAILABLE-FOR-COMM> 78
<COMMON-STOCK-DIVIDENDS> 0
<TOTAL-INTEREST-ON-BONDS> 0
<CASH-FLOW-OPERATIONS> 261
<EPS-PRIMARY> 1.72
<EPS-DILUTED> 1.71

</TEXT>
</DOCUMENT>