FOCUS ON VALUE

FOCUSING OUR ENERGIES

KANSAS CITY POWER & LIGHT COMPANY

ANNUAL

REPORT

1995

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A B O U T   T H E   C O M P A N Y

Kansas City Power & Light Company is a low-cost electric power producer providing energy-related products and services to customers in our service territory and worldwide.

Headquartered in Kansas City, Missouri, KCPL serves the electric power needs of over 430,000 customers in and around the metropolitan Kansas City area. Included in a diverse customer base are about 379,000 residences, 50,000 commercial firms and 3,000 industrials, municipalities and other electric utilities. Low fuel costs and superior plant performance enable KCPL to serve its customers well while maintaining a leadership position in the bulk power market.

KLT Inc., a wholly-owned, unregulated subsidiary of KCPL, pursues opportunities in primarily energy-related ventures throughout the nation and world. Our commitment to KLT Inc. and its holdings reflects our plans to enhance shareholder value by capturing growth opportunities in energy-related markets outside KCPL's regulated core utility business.

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Year at a Glance

- EPS increases to $1.92 from $1.64. Last year's earnings reflect a $0.22 per share charge for the early retirement program in 1994.
- Board increases quarterly common stock dividend to $0.39 per share.
- KCPL's open access transmission tariff one of the first in the electric utility industry that FERC accepted for filing after the announcement of its new comparability standard.
- KCPL takes initial steps to embrace Economic Value Added (EVA®) companywide.
- Iatan Plant named a least-cost producer for 1990-1994 by Utility Data Institute (UDI).
- Wolf Creek achieves superior ratings in operations and plant support by the Nuclear Regulatory Commission.
- Customers set records for peak seasonal demands in third and fourth quarters.
- Exceptional operating performance of plants continues throughout year.
- KCPL continues positioning for increased competition.
- KLT Inc. expands investments into domestic and international independent power projects.
- January 1996, KCPL announces proposed merger with UtiliCorp United Inc. to create a new company offering long-term value to shareholders.

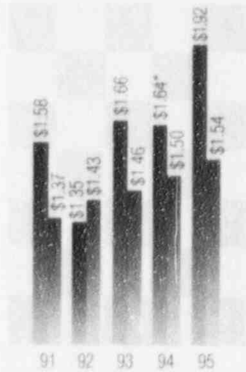
EVA® is a registered trademark of Stern Stewart & Co. in the United States of America, France, the United Kingdom, Canada, Australia and Mexico.

Highlights of the Year

	1995	1994	Increase (Decrease)
	(dollars in thousands except per share amounts)		
Electric operating revenues	$ 885,955	$ 868,272	2.0 %
Net income	$ 122,586	$ 104,775	17.0 %
Earnings available for common	$ 118,575	$ 101,318	17.0 %
Average number of shares	61,902,081	61,903,437	— %
Per common share:			
Earnings	$ 1.92	$ 1.64*	17.1 %
Dividends	$ 1.54	$ 1.50	2.7 %
Book value	$ 14.50	$ 14.13	2.7 %
Year-end stock price	$ 26 1/4	$ 23 3/8	12.3 %
Return on year-end common equity	13%	12%	
Common dividend payout	80%	91%	
Utility capital expenditures	$ 134,070	$ 124,965	7.3 %
Electric plant	$ 3,388,538	$ 3,330,478	1.7 %
Selected statistics			
Retail megawatt-hour sales	11,941,427	11,559,980	3.3 %
Peak load—summer (mw)	2,909	2,714	7.2 %
Peak load—winter (mw)	1,864	1,810	3.0 %
Average number of retail customers	429,907	424,262	1.3 %
Number of common shareholders	29,657	31,613	(6.2)%
Capitalization (% of total)			
Common equity	49%	50%	
Preferred stock	5%	5%	
Long-term debt **	46%	45%	

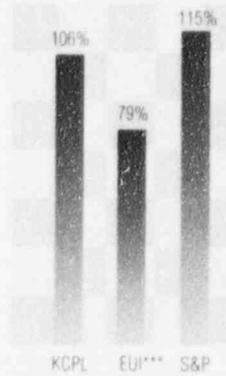
* Reflects a $0.22 per share charge for costs of a voluntary early retirement program

** Excludes current maturities



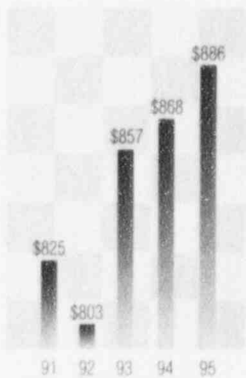
Per Share Data

Earnings Dividends



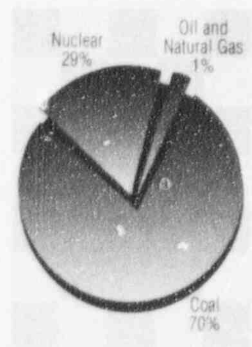
5-Year Return On Common Stock

***EEI Electric Utility Index



Electric Operating Revenue

Millions



Fuel Mix to Total Btu Generation

Coal $0.89 per million Btu

Nuclear $0.40 per million Btu

System Average $0.77 per million Btu

MESSAGE

FROM THE PRESIDENT

To Our Shareholders:

Merger of Equals Announced On January 22, 1996, we announced our intentions to create a new energy company by merging with UtiliCorp United Inc. This proposed merger will create the twelfth largest gas and electric company in America, providing expanded access to markets, opportunities for growth, and a strong financial foundation for continued growth in a competitive energy marketplace. While cost savings is a primary reason many companies merge, the merger between KCPL and UtiliCorp boasts a more complex strategy: the benefits accrue over time as access to new markets with new products and services join with operating excellence to create real value. Though not a primary objective of this merger, we anticipate certain savings will be realized as a result of this combination. We expect the process of completing the merger to require more than one year; you will have the opportunity to vote on the merger at a shareholders' meeting later this year.

News of the proposed combination with UtiliCorp nearly overshadowed a simply outstanding year for KCPL. Earnings per share increased 17% to $1.92 in 1995 from $1.64 in 1994. The Board increased the dividend to an indicated annual level of $1.56 per share. All of our key cost centers - fuel, operations, maintenance and administrative - were well within our target operating and performance ranges, suggesting that our managers are paying attention to the right things.

Building Value During the year, we initiated the use of a new tool for managers to further their reach into improved efficiency. This tool, Economic Value Added (EVA®), joins typical and traditional measures of performance such as earnings per share and return on equity. EVA® effectively shows managers at KCPL that the capital they use to operate, maintain and expand the system has a cost. Value is created when managers make decisions that result in positive financial returns *after* they subtract the cost of capital from their operating income. Our managers are very enthusiastic about deploying this new tool throughout KCPL in 1996 and we look forward to reporting on its progress in the months ahead.

Performance in the Power Supply division again this year achieved distinguished levels. Our Iatan plant was on the top ten list of least-cost power producers in the nation. Wolf Creek was praised by the Nuclear Regulatory Commission for superior performance. KCPL's open access transmission tariff was one of the first accepted for filing by the Federal Energy Regulatory Commission (FERC) after the announcement of its new comparability standard.

Innovations In the Retail Services division, the deployment of our wireless meter reading system continues with approximately 100,000 meters now equipped with radio devices capable of transmitting meter information and more. Installation in KCPL's service territory is scheduled for completion by the end of this year, establishing a platform for growth and development of new services. The complementary fit between KCPL's CellNet technology and UtiliCorp's initiative with

Novell Corporation to bring power line carrier technology to market is another beneficial characteristic of our proposed combination. Among the benefits will be the expanded base from which to offer new and improved services to customers.

Subsidiary Growth Our KLT family of companies continues to grow and expand their market penetration in the areas of power supply, gas, telecommunications and energy services. The combination we propose with UtiliCorp will increase KLT's reach and will accelerate the time necessary to bring its new ideas to market. One of the most promising KLT investments in 1995 brought small-scale power projects to mainland China. These projects were structured to ensure minimized risk while preserving the attractive returns available from areas where demand for energy is great and growing. World demand for energy is tremendous and KLT plans to expand its reach into Latin America and Asia to take advantage of this opportunity.

Building our Future The strategic fit of our Company with UtiliCorp to form a new energy company will take advantage of the complementary financial and operational strength of KCPL and the impressive growth and disciplined expansion strategy of UtiliCorp. Over the years, we have discussed business combination as an option for KCPL to grow and expand its activities to create value. At the same time, we have reminded you that our principal responsibility to serve customers well and grow our markets efficiently continues to be our primary focus. We serve a growing and expanding marketplace, our

power plants and the condition of our distribution and transmission system are excellent, and our people are well-trained and well-motivated to do the right thing and do it well. We look forward to a very promising future, and appreciate your continued confidence and support.

For the Board of Directors,

Drue Jennings

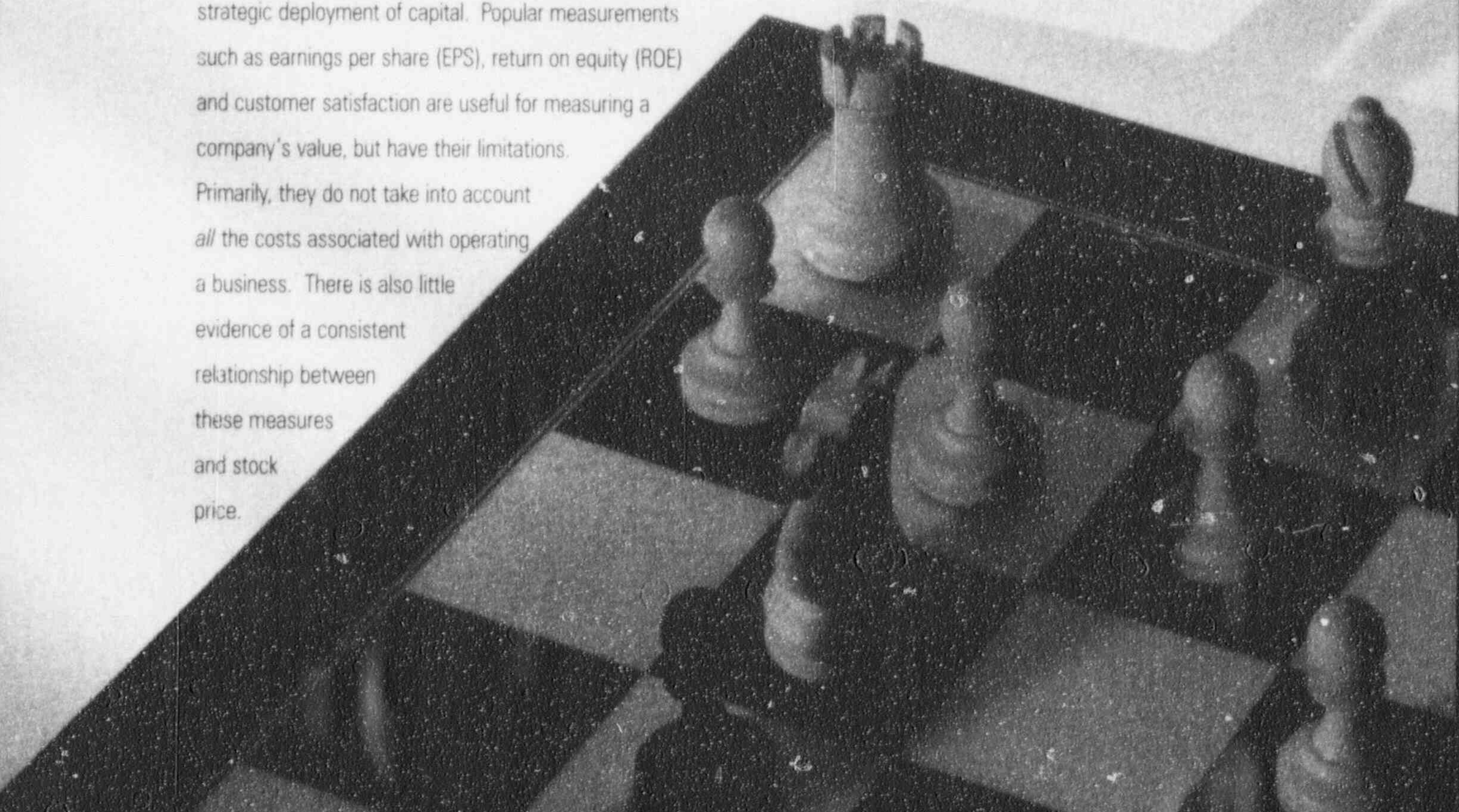
Drue Jennings
Chairman of the Board and President

FOCUS ON VALUE

And the game begins, each move carefully executed in the overall context of the players' strategies.

The Energy Policy Act of 1992 effectively initiated direct competition among electric utilities. Since then, utilities have been making their opening moves aimed at gaining advantage over competitors. KCPL is no exception. Our merger agreement with UtiliCorp United Inc. is just one example of our Company's commitment to continued success. Yet our business objectives are simple: to grow and add value to our Company. While creating value for shareholders, customers and employees has always been a primary concern of ours, we have taken big steps in 1995 to improve our value and build a foundation for superior performance in 1996 and beyond.

Value is created and reflected in our share price through service to customers, enhancement of cash flows and strategic deployment of capital. Popular measurements such as earnings per share (EPS), return on equity (ROE) and customer satisfaction are useful for measuring a company's value, but have their limitations. Primarily, they do not take into account *all* the costs associated with operating a business. There is also little evidence of a consistent relationship between these measures and stock price.

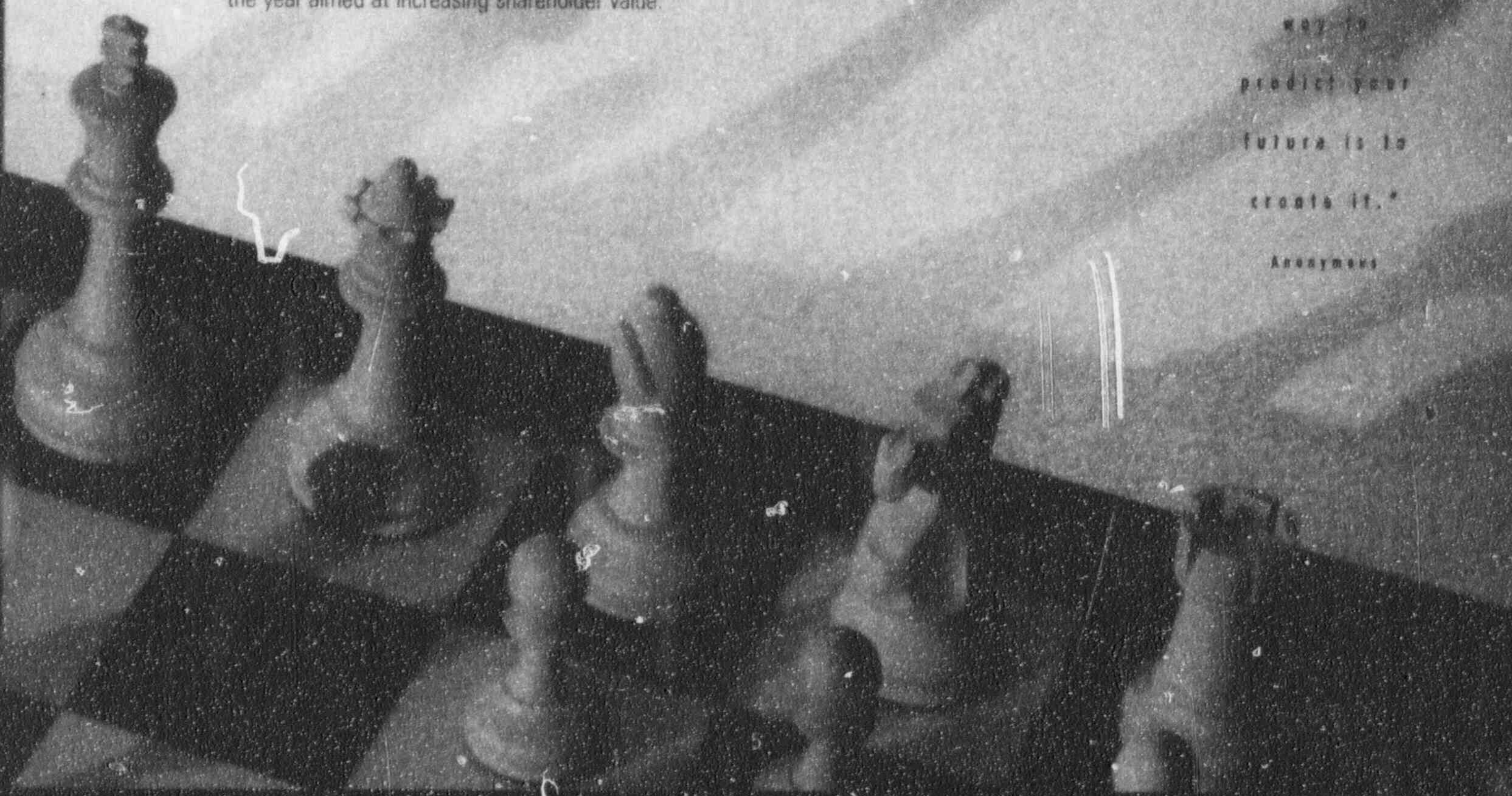


A new financial measurement tool, Economic Value Added (EVA®), fills in the gaps left by measurements such as EPS and ROE. In 1995, KCPL took initial steps in embracing EVA® companywide. In doing so, we joined leading companies throughout the world in pursuit of greater company value. How does it work? EVA® is calculated by taking a business' net operating profit after taxes and subtracting a charge for the use of the capital needed to generate that profit. EVA® is a dramatic shift in mindset from the traditional deployment of capital in a regulated environment. In a more competitive environment, one in which revenues will be largely influenced by the marketplace, a business will create value only when its profit exceeds the charge for the capital it uses. By providing the necessary tools, EVA® will assist us in making wise, long-term investment decisions. Improving EVA® will enhance shareholder value.

While EVA® is an exciting new tool for KCPL in 1995, there are many other actions we have taken to ensure added value in our Company. This report explains other opportunities, choices, and decisions made throughout the year aimed at increasing shareholder value.

"The best way to predict your future is to create it."

Anonymous

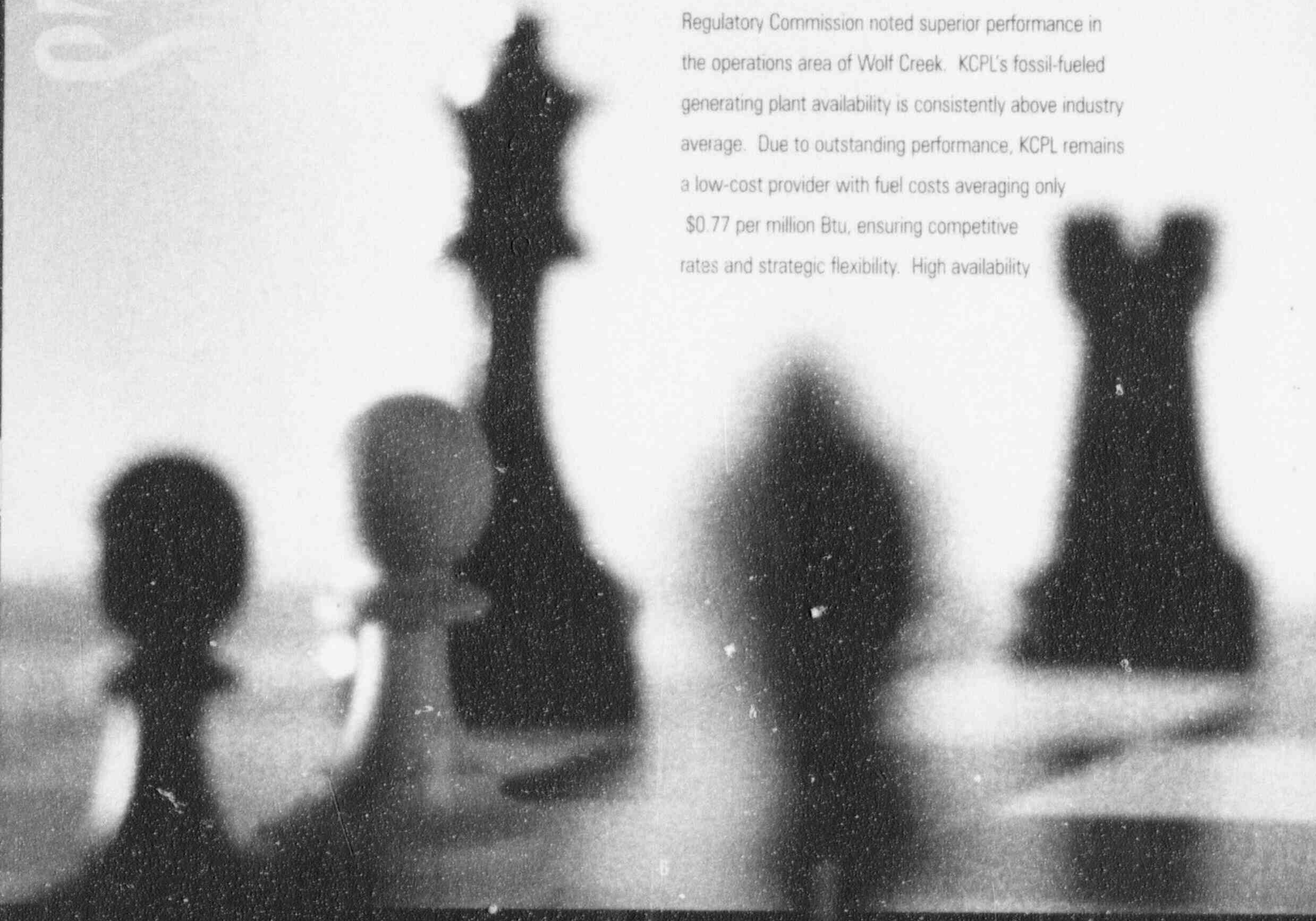


P O W E R   S U P P L Y

As the game progresses, challenges arise.

Power Supply at KCPL creates its own opportunities to add value to KCPL. These opportunities begin with our people. The success of Power Supply and our Company lies in the value and diversity of its people. By placing a high value on our human resources, we continue to employ a skilled group of people, responsive to change, with the ability to create and analyze options and take actions contributing to our Company's success.

In 1995, operational performance continued to be excellent. Iatan 1 ranked in Utility Data Institute's top 10 least cost power producers in the country, analyzing production costs from 1990 to 1994. In their fall report, the Nuclear Regulatory Commission noted superior performance in the operations area of Wolf Creek. KCPL's fossil-fueled generating plant availability is consistently above industry average. Due to outstanding performance, KCPL remains a low-cost provider with fuel costs averaging only $0.77 per million Btu, ensuring competitive rates and strategic flexibility. High availability



and low fuel costs contribute to KCPL's leadership position in the bulk power market.

While it is imperative to maintain current standards of operational excellence, we cannot limit ourselves to the way we have done things in the past. The decision to combine with UtiliCorp in pursuit of greater growth opportunities propels KCPL into an exciting new age for the utility industry. New ways of thinking have already brought about changes in Power Supply. We continue to explore new alternatives to construction, including additional purchased capacity contracts and futures contracts. Steel coal railcars were replaced with more economical leased aluminum ones. And KCPL's open access transmission tariff became one of the first from the electric utility industry that the Federal Energy Regulatory Commission (FERC) accepted for filing after the announcement of its new comparability standard.

We will take advantage of an increasingly competitive market by continuing to invest in people, pursuing high value business opportunities and continuing to aggressively manage our costs.

"You have to have patience, imagination, and be able to see further ahead than your opponent does."

Lew Cohen,
Chess Master

CHOICES

RETAIL SERVICES

Time is of the essence. While some pieces remain on the board, others, strategically, have been removed. It's our move.

The winners in this new game will be those companies that have access to new markets and can provide customers valuable choices. CellNet, the wireless communication technology KCPL is currently deploying in its service territory, is already bringing choices to our customers. KCPL was the first electric utility in the country to begin permanent installation of the CellNet technology. Once installation is complete in 1996, greater opportunities for services will emerge, such as choice of billing arrangements, time-of-use electric rates, smoke and fire monitoring services plus many more. The longer term process of fully automating the electric distribution system, of which CellNet is a part, will help us achieve greater efficiencies in operations while offering customers these new services.

First in choice, first in service. At KCPL, our commitment to complete customer satisfaction is an everyday KCPL standard of service among our employees. In 1995, this became a promise that's as good as gold. Because now, if we fail to provide satisfactory customer service, we'll compensate the customer. From connection dates to accuracy

of meter readings, if we do not provide complete satisfaction, we will pay to make it right. KCPL is the first electric utility in the area to offer such a guarantee. We've put our money where our mouth is, and it's working. Customer satisfaction is rising and so is the perceived value of our service to customers. The time is coming when customers will be able to choose an energy supplier, and we are doing everything we can to make sure they choose KCPL.

But we are not stopping there. We are developing innovative ideas to effectively tap the Midwest's growth and economic strength. With UtiliCorp, the new company will expand these ideas into national and international markets. Our goal: to open new opportunities in our regulated business by bringing more energy-related products and services to the marketplace. Our knowledge of street lighting services is such an opportunity. We can provide lighting design and placement, cost control and maintenance in a package to municipalities both in and out of our market. Our ideas have also been well received in marketing products and services that create full energy environments for new buildings or renovations.

The opportunities will come for those utilities who can do it first and do it best. We are preparing to meet these challenges.

"The game of chess is a lake in which a mosquito can bathe and an elephant can drown."

Indian proverb

DECISIONS

K L T   I N C .

Chess is a game of strategy and teamwork. Emphasis is placed on the ability to not only move pieces forward, but support those around them.

Several years ago, the decision was made to increase the value of KCPL by augmenting its growth through KLT Inc., KCPL's unregulated subsidiary. Strategic alliances were formed, blending the distinctive and complementary strengths of each partner to achieve a greater combined benefit. In 1995, several new energy-related partnerships were formed to expand internationally into the booming coastal area of China with the construction of two diesel electric generating stations and one clean coal-fired plant in an interior province. World energy needs are great, and we plan to expand KLT's presence in Asia and Latin America to meet the demand.

KLT also joined forces with two other companies to develop and market power products and services in the Pacific Northwest. Siting and permitting have begun on three power projects in that area of the country.

Plans for Iatan 2, a proposed 705 megawatt independent power plant in the midwest, proceeded during the year. Iatan 2 is expected to begin operation early in the next century.

KLT has partnered with other energy companies in oil and gas development and exploration. Participating in several joint ventures with experienced industry partners allows us to manage risks to acceptable levels.

Other ventures of KLT partner with businesses whose access to new and emerging markets provide growth and valuable opportunities. For example, we are participating with other industry leaders in studies exploring potential nonutility uses of the CellNet technology. These opportunities are taking our Company around the nation and around the world. We expect KLT to increase KCPL's growth by investing in a portfolio of business activities earning returns that exceed KCPL's cost of capital and regulated rate of return.

"Chess teaches foresight, by having to plan ahead ... and caution, by having to restrain ourselves from making hasty moves ..."

Benjamin Franklin

KCPL Officers*

Drue Jennings, 49
Chairman of the Board and President
1980

John J. DeStefano, 46
Senior Vice President - Finance, Treasurer and Chief Financial Officer
1989

Marcus Jackson, 44
Senior Vice President - Power Supply
1989

Jeanie Sell Latz, 44
Senior Vice President - Corporate Services, Corporate Secretary and Chief Legal Officer
1991

Turner White, 47
Senior Vice President - Retail Services
1990

Frank L. Branca, 48
Vice President - Wholesale and Transmission Services
1989

Steve W. Cattron, 40
Vice President - Marketing and Regulatory Affairs
1994

Charles R. Cole, 49
Vice President - Customer Services and Purchasing
1990

Doug M. Morgan, 53
Vice President - Information Technology
1994

Richard A. Spring, 41
Vice President - Production
1994

Bailus M. Tate Jr., 49
Vice President - Human Resources
1994

Neil Roadman, 50
Controller
1980

Mark C. Sholander, 50
General Counsel
1986

*Listing includes age, title and year promoted to officer

KLT Inc. Officers**

Bernard J. Beaudoin, 55
President
1992

Ronald G. Wasson, 51
Executive Vice President
1995

Floyd R. Pendleton, 52
Vice President - Business Development
1992

Mark G. English, 44
Vice President and General Counsel
1995

Janée C. Rosenthal, 34
Corporate Secretary and Treasurer
1992

**Listing includes name, title and year named KLT Inc. officer

Board of Directors

Drue Jennings***
Chairman of the Board and President

Dr. David L. Bodde
Vice President,
Midwest Research Institute
research laboratories with special strengths in renewable energy and environmental technologies
President,
MRI-Ventures
for-profit subsidiary of Midwest Research Institute

William H. Clark***
President,
Urban League of Greater Kansas City
community service agency

Robert J. Dineen ***
Chairman,
Layne Inc.
drilling services company

Arthur J. Doyle ***
Retired Chairman of the Board

W. Thomas Grant II
Chairman of the Board and Chief Executive Officer,
Seafield Capital Corporation
a holding company with a focus on health care and insurance services
Chairman of the Board and Chief Executive Officer,
LabOne, Inc.
centralized laboratory that markets clinical, substance abuse and insurance laboratory services

George E. Nettels, Jr.
Chairman of the Board,
Midwest Minerals, Inc.
construction mineral processing and quarry operations
President,
Yampa Resource Associates, Inc.
mined land reclamation operation

Dr. Linda Hood Talbott
President,
Talbott & Associates
consultants in strategic planning, philanthropic management and development to foundations

Robert H. West***
Chairman of the Board and Chief Executive Officer,
Butler Manufacturing Company
supplier of non-residential building systems

***Member, Executive Committee

Management's Discussion and Analysis of Financial Condition and Results of Operations

Regulation and Competition

As competition develops throughout the electric utility industry, we are positioning Kansas City Power & Light Company (KCPL) to excel in an open market. We're improving the efficiency of KCPL's core utility operations and creating growth through its unregulated subsidiary. As competition presents new opportunities, we may also consider various strategies including partnerships, acquisitions, combinations, additions to or dispositions of service territory, and restructuring of wholesale and retail businesses. See Note 11 to the Consolidated Financial Statements regarding the Agreement and Plan of Merger with UtiliCorp United Inc.

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

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

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

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

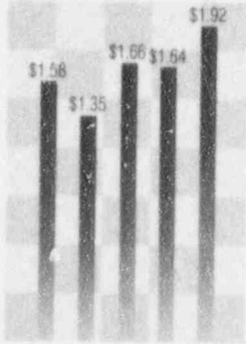
Nonregulated Opportunities

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

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

Earnings Overview

Earnings per share (EPS) for 1995 of $1.92 increased $0.28 from 1994. This increase was due mostly to 1994's one-time $22.5 million ($0.22 per share) charge for the voluntary early retirement program (see Note 2 to the Consolidated Financial Statements). Other factors increasing 1995 EPS included load growth, warmer



Earnings per Share

*Reflects a $0.22 per share charge for costs of the voluntary early retirement program.

summer temperatures, savings from the 1994 early retirement program and a net gain of $0.05 per share from the sale of railcars. Partially offsetting these increases, 1995 EPS also reflected decreased bulk power sales, higher fuel and purchased power costs as a result of a forced outage at a coal plant, and KCPL's share of Wolf Creek Generating Station's (Wolf Creek) voluntary early retirement program costs. Savings from Wolf Creek's early retirement program are expected to offset program costs in less than two years.

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

Megawatt-hour (Mwh) Sales and Electric Operating Revenues

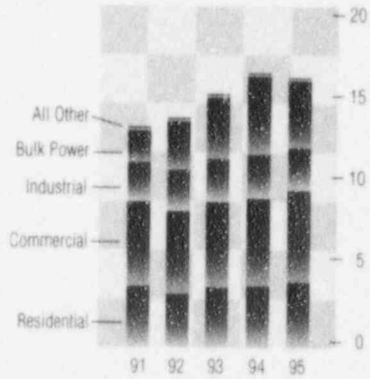
Sales and revenue data:

	Increase (Decrease) from Prior Year 1995		1994	
	Mwh	Revenues	Mwh	Revenues
		(revenue change in millions)		
Retail:				
Residential	6 %	$ 17	2 %	$ 1
Commercial	3 %	9	3 %	1
Industrial	— %	(1)	2 %	(5)
Other	(6)%	—	(4)%	—
Total retail	3 %	25	2 %	(3)
Sales for resale:				
Bulk power sales	(15)%	(11)	27 %	15
Other	(11)%	—	(20)%	(1)
Total		14		11
Other revenues		4		—
Total electric operating revenues		$ 18		$ 11

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

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

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

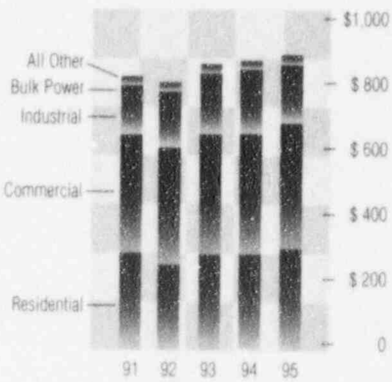


Mwh Sales

Millions Mwh

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. During 1995, FERC issued a rate order requiring, among other items, the separation of transmission service revenues from bulk power sales. Starting in September 1995, transmission service revenues have been reflected as other electric revenues. A combination of conditions in 1994 contributed to record bulk power sales in that year.

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



Revenues

Millions

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

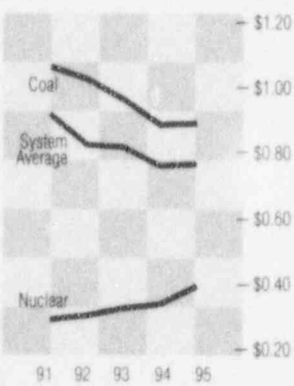
Fuel and Purchased Power

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

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

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

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



Fuel Cost Per MMBTU

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

The price of delivered coal in 1995 remained comparable with 1994 prices which had decreased about 8% from 1993. Our coal procurement strategies continue to provide coal costs well below the regional average. We expect to maintain coal costs at or below 1995 levels through the year 2000.

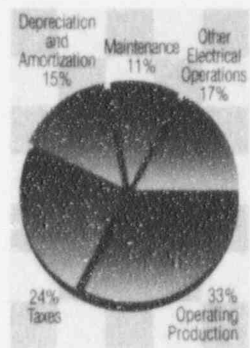
Although 1994 total mwh sales increased 8% from 1993, combined fuel and purchased power costs increased only 5% during the same period. This was mostly due to the reduction in 1994 coal costs, partially offset by the increasing cost of nuclear fuel and additional capacity purchase contracts. Compared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

Other Operation and Maintenance Expenses

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

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

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



Operating Expenses

Income Taxes

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

General Taxes

Components of general taxes:

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

Other Income

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

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

Interest Charges

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

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

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

Wolf Creek

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

Wolf Creek's assets and operating expenses represent about 45% and 20% of total assets and operating expenses, respectively. Currently, no major equipment replacements are expected, but an extended shut-down of the unit could have a substantial adverse effect on KCPL's business, financial condition and results of operations. Higher replacement power and other costs would be incurred as a result. Although not expected, an unscheduled plant shut-down could be caused by actions of the Nuclear Regulatory Commission reacting to safety concerns at the plant or other similar nuclear units. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding the Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes KCPL to potential retrospective assessments and property losses in excess of insurance coverage. These risks are more fully discussed in Note 4 to the Consolidated Financial Statements – Commitments and Contingencies – Nuclear Liability and Insurance.

Environmental Matters

Our policy is to act in an environmentally responsible manner and use the latest technology available to avoid and treat contamination. We continually conduct environmental audits designed to ensure compliance with governmental regulations and detect contamination. However, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations which could require substantial changes to operations or facilities.

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

Projected Construction Expenditures

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

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

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

Capital Requirements and Liquidity

We expect to meet the utility construction budget with internally-generated funds. The $291 million of maturing debt through the year 2000 will be provided from operations, refinancings or short-term debt. As of December 31, 1995, KCPL had $98 million of registered but unissued medium-term notes and $139 million of unused bank lines of credit. Uncertainties affecting our ability to meet these requirements with internally-generated funds include the effect of inflation on operating expenses, the level of mwh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. We might incur additional debt and/or issue additional equity to finance growth or take advantage of new opportunities.

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

New Accounting Standard – Statement of Financial Accounting Standards No. 121

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

Consolidated Statements of Income

Year Ended December 31	1995	1994	1993
		(thousands)	
Electric Operating Revenues	$ 885,955	$ 868,272	$ 857,450
Operating Expenses			
Operation			
Fuel	139,371	135,106	130,117
Purchased power	38,783	33,929	31,403
Other	178,599	202,304	184,633
Maintenance	78,439	72,468	78,550
Depreciation	97,225	94,361	91,110
Income taxes	77,062	70,949	69,502
General taxes	96,821	96,362	95,659
Amortization of:			
MPSC rate phase-in plan	—	—	7,072
Deferred Wolf Creek costs	12,607	13,102	13,102
Total	718,907	718,581	701,148
Operating Income	167,048	149,691	156,302
Other Income			
Allowance for equity funds used during construction	2,279	2,087	2,846
Miscellaneous expense – net	(2,478)	(4,159)	(2,486)
Income taxes	10,259	4,572	1,549
Total	10,060	2,500	1,909
Income Before Interest Charges	177,108	152,191	158,211
Interest Charges			
Long-term debt	52,184	43,962	50,118
Short-term debt	1,189	1,170	750
Miscellaneous	3,112	4,128	4,113
Allowance for borrowed funds used during construction	(1,963)	(1,844)	(2,542)
Total	54,522	47,416	52,439
Net Income	122,586	104,775	105,772
Preferred Stock Dividend Requirements	4,011	3,457	3,153
Earnings Available for Common Stock	$ 118,575	$ 101,318	$ 102,619
Average Number of Common Shares Outstanding	61,902	61,903	61,909
Earnings per Common Share	$ 1.92	$ 1.64	$ 1.66
Cash Dividends per Common Share	$ 1.54	$ 1.50	$ 1.46

Consolidated Statements of Retained Earnings

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

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

Consolidated Balance Sheets

December 31	1995	1994
	(thousands)	
Assets		
Utility Plant, at Original Cost		
Electric	$ 3,388,538	$ 3,330,478
Less – accumulated depreciation	1,156,115	1,092,436
Net utility plant in service	2,232,423	2,238,042
Construction work in progress	72,365	57,294
Nuclear fuel, net of amortization of $81,452 and $66,773	54,673	40,806
Total	2,359,461	2,336,142
Regulatory Asset – Deferred Wolf Creek Costs	8,880	18,752
Regulatory Asset – Recoverable Taxes	123,000	120,000
Investments and Nonutility Property	166,751	98,429
Current Assets		
Cash and cash equivalents	28,390	20,217
Customer accounts receivable	32,830	24,513
Other receivables	31,838	22,604
Fuel inventories, at average cost	22,103	16,570
Materials and supplies, at average cost	47,175	44,953
Deferred income taxes	5,947	1,444
Other	5,179	5,138
Total	173,462	135,439
Deferred Charges		
Regulatory assets		
Settlement of fuel contracts	13,007	16,625
KCC Wolf Creek carrying costs	4,104	6,839
Other	21,231	27,909
Other deferred charges	12,610	10,262
Total	50,952	61,635
Total	$ 2,882,506	$ 2,770,397

Capitalization and Liabilities

	1995	1994
Capitalization *(see statements)*	$ 1,824,087	$ 1,763,765
Current Liabilities		
Notes payable to banks	—	1,000
Commercial paper	19,000	31,000
Current maturities of long-term debt	73,803	33,419
Accounts payable	52,506	73,486
Accrued taxes	39,726	24,684
Accrued interest	16,906	12,209
Accrued payroll and vacations	22,764	19,594
Accrued refueling outage costs	13,563	2,120
Other	11,787	7,644
Total	250,055	205,156
Deferred Credits and Other Liabilities		
Deferred income taxes	648,374	644,139
Deferred investment tax credits	71,270	82,840
Other	88,720	74,497
Total	808,364	801,476
Commitments and Contingencies *(note 4)*		
Total	$ 2,882,506	$ 2,770,397

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

Consolidated Statements of Cash Flows

Year Ended December 31	1995	1994	1993
		(thousands)	
Cash Flows from Operating Activities			
Net income	$ 122,586	$ 104,775	$ 105,772
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	97,225	94,361	91,110
Amortization of:			
Nuclear fuel	14,679	10,136	8,705
Deferred Wolf Creek costs	12,607	13,102	13,102
MPSC rate phase-in plan	—	—	7,072
Other	8,152	9,608	8,234
Deferred income taxes (net)	(3,268)	20,524	25,502
Investment tax credit amortization and reversals	(11,570)	(4,345)	(4,345)
Allowance for equity funds used during construction	(2,279)	(2,087)	(2,846)
Cash flows affected by changes in:			
Receivables	(17,551)	1,543	(10,245)
Fuel inventories	(5,533)	(2,020)	6,075
Materials and supplies	(2,222)	(796)	1,106
Accounts payable	(20,980)	14,065	(17,741)
Accrued taxes	15,042	(3,116)	7,936
Accrued interest	4,697	(3,366)	2,626
Wolf Creek refueling outage accrual	11,443	(5,142)	(5,338)
Pension and postretirement benefit obligations	(4,176)	32,203	1,905
Other operating activities	4,325	(2,860)	4,514
Net cash from operating activities	223,177	276,585	243,144
Cash Flows from Investing Activities			
Utility capital expenditures	(134,070)	(124,965)	(129,199)
Allowance for borrowed funds used during construction	(1,963)	(1,844)	(2,542)
Purchases of investments	(56,759)	(67,560)	(7,351)
Other investing activities	9,046	5,624	7,657
Net cash used in investing activities	(183,746)	(188,745)	(131,435)
Cash Flows from Financing Activities			
Issuance of long-term debt	111,055	133,793	324,846
Repayment of long-term debt	(33,428)	(170,170)	(271,480)
Special deposits	—	60,118	(60,118)
Premium on reacquired long-term debt	—	—	(4,077)
Net change in short-term borrowings	(13,000)	3,000	(4,000)
Dividends paid	(99,358)	(96,238)	(93,556)
Other financing activities	3,473	335	(1,913)
Net cash used in financing activities	(31,258)	(69,162)	(110,298)
Net Change in Cash and Cash Equivalents	8,173	18,678	1,411
Cash and Cash Equivalents at Beginning of Year	20,217	1,539	128
Cash and Cash Equivalents at End of Year	$ 28,390	$ 20,217	$ 1,539
Cash Paid During the Year for:			
Interest (net of amount capitalized)	$ 48,200	$ 48,246	$ 47,361
Income taxes	$ 67,053	$ 53,720	$ 40,141

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

Consolidated Statements of Capitalization

December 31	1995	1994
	(thousands)	
Common Stock Equity		
Common stock – 150,000,000 shares authorized without par value		
61,908,726 shares issued, stated value	$ 449,697	$ 449,697
Retained earnings *(see statements)*	449,966	426,738
Capital stock premium and expense	(1,725)	(1,736)
Total	897,938	874,699
Cumulative Preferred Stock		
$100 Par Value		
3.80% – 100,000 shares issued	10,000	10,000
4.50% – 100,000 shares issued	10,000	10,000
4.20% – 70,000 shares issued	7,000	7,000
4.35% – 120,000 shares issued	12,000	12,000
No Par Value		
4.39%* – 500,000 shares issued	50,000	50,000
$100 Par Value - Redeemable		
4.00% – 14,357 and 15,957 shares issued	1,436	1,596
Total	90,436	90,596
Long-term Debt *(excluding current maturities)*		
General Mortgage Bonds		
Medium-term Notes due 1997-2008, 6.72% and 6.82% weighted-average rate at December 31	387,000	395,500
4.77%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	158,768
Guaranty of Pollution Control Bonds		
4.24%* due 2015-17	196,500	196,500
Subsidiary Obligations		
Affordable Housing Notes due 2000-05, 8.54% and 8.38% weighted-average rate at December 31	69,945	47,702
Bank Credit Agreement due 1998, 7.66% weighted-average rate at December 31	23,500	—
Total	835,713	798,470
Total	$ 1,824,087	$ 1,763,765

*Variable rate securities, weighted-average rate at December 31, 1995

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

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The Company

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

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

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

Cash and Cash Equivalents

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

Fair Value of Financial Instruments

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

Investments in Affordable Housing Limited Partnerships

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

Utility Plant

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

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

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

Wolf Creek Refueling Outage Costs

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

Nuclear Plant Decommissioning Costs

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

	KCC	MPSC
Undiscounted decommissioning costs:		
Total Station	$ 1.3 billion	$ 1.8 billion
47% share	$ 595 million	$ 859 million
Discounted decommissioning costs:		
Total Station	$ 370 million	$ 370 million
47% share	$ 174 million	$ 174 million
Annual escalation factor	3.45%	4.50%
Annual return on trust assets	6.48%	7.66%

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

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

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

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

Nuclear Fuel

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

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

Regulatory Assets

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

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

Deferred Wolf Creek Costs

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

Recoverable Taxes

See the following Income Taxes note.

Settlement of Fuel Contracts

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

KCC Wolf Creek Carrying Costs

The KCC ordered certain Wolf Creek carrying costs to be deferred. These costs are being recovered and amortized over six years ending in June 1997.

MPSC Rate Phase-in Plan

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

Other

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

Revenue Recognition

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

Income Taxes

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

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

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

Environmental Matters

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

2. Pension Plans and Other Employee Benefits

Early Retirement Program

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

Pension Plans

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

Funded status of the plans:

December 31	1995	1994
	(thousands)	
Accumulated benefit obligation:		
Vested	$ 251,042	$ 219,111
Nonvested	6,474	4,595
Total	$ 257,516	$ 223,706
Determination of plan assets less obligations:		
Fair value of plan assets (a)	$ 339,236	$ 301,245
Projected benefit obligation (b)	315,395	269,124
Difference	$ 23,841	$ 32,121
Reconciliation of difference:		
Accrued trust liability	$ (13,890)	$ (18,401)
Unrecognized transition obligation	12,612	14,684
Unrecognized net gain	29,293	39,570
Unrecognized prior service cost	(4,174)	(3,732)
Difference	$ 23,841	$ 32,121

(a) Plan assets are invested in insurance contracts, corporate bonds, equity securities, U.S. Government securities, notes, mortgages and short-term investments.

(b) Based on discount rates of 7.5% in 1995 and 8.5% in 1994, and increases in future salary levels of 4% to 5% in 1995 and 1994.

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

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

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

Postretirement Benefits Other Than Pensions

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

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

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

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

(a) Based on weightad-average discount rates of 7.5% in 1995 and 8.5% in 1994; and increases in future salary levels of 4% in 1995 and 4% to 5% in 1994.

(b) Plan assets are invested in certificates of deposit.

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

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

Actuarial assumptions include an increase in the annual health care cost trend rate for 1996 of 11%, decreasing gradually over a five-year period to its ultimate level of 6%. The health care plan requires retirees to share in the cost when premiums exceed a certain amount. Because of this provision, an increase in the assumed health care cost trend rate by 1% per year would only increase the APBO as of December 31, 1995 by about $777,000 and the combined service and interest costs of the net periodic postretirement benefit cost for 1995 by about $89,000.

Long-term Incentive Plan

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

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

Stock options are summarized below:

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

3. Income Taxes

Income tax expense consisted of the following:

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

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

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

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

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

The net deferred income tax liability consisted of the following:

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

4. Commitments and Contingencies

Nuclear Liability and Insurance

Liability Insurance

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

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

Property, Decontamination and Premature Decommissioning Insurance

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

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

Extra Expense Insurance – Including Replacement Power

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

Retrospective Assessments

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

Other

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

Nuclear Fuel Commitments

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

Environmental Matters

KCPL's operations must comply with federal, state and local environmental laws and regulations. The generation and transmission of electricity uses, produces and requires disposal of certain products and by-products, including polychlorinated biphenyl (PCBs), asbestos and other potentially hazardous materials. The Federal Comprehensive Environmental Response, Compensation and Liability Act (the Superfund law) imposes strict joint and several liability for those who generate, transport or deposit hazardous waste. This liability extends to the current property owner as well as prior owners since the time of contamination. We continually conduct environmental audits designed to detect contamination and ensure compliance with governmental regulations. However, compliance programs needed to meet future environmental laws and regulations governing water and air quality, including carbon dioxide emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields, could require substantial changes to operations or facilities.

Long-term Coal Contracts

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

Leases

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

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

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

Purchased Capacity Commitments

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

5. Sale of Accounts Receivable

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

6. Short-term Borrowings

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

7. Common Stock Equity, Preferred Stock and Redeemable Preferred Stock

Common Stock Equity

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

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

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

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

Preferred Stock and Redeemable Preferred Stock

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

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

8. Long-term Debt

General Mortgage Bonds

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

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

Interest Rate Swap and Cap Agreements

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

Subsidiary Obligations

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

Scheduled Maturities

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

9. Jointly-owned Electric Utility Plants

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

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

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

10. Quarterly Operating Results (Unaudited)

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

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

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

11. Agreement and Plan of Merger with UtiliCorp United Inc.

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

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

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

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

Report of Independent Accountants

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

We have audited the accompanying consolidated balance sheets and statements of capitalization of Kansas City Power & Light Company and Subsidiary as of December 31, 1995 and 1994, and the related consolidated statements of income, retained earnings, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Coopers & Lybrand L.L.P.

Kansas City, Missouri
January 31, 1996

Summary of Operations and Financial Data

Summary of Earnings *(thousands)*	1995	1994	1993	1992	1991	1985
Operating Revenues	$ 885,955	$ 868,272	$ 857,450	$ 802,668	$ 825,101	$ 646,557
Operating Expenses	718,907	718,581	701,148	662,094	653,793	540,214
Operating Income	167,048	149,691	156,302	140,574	171,308	106,343
Other Income	10,060	2,500	1,909	3,163	(906)	104,683
Income Before Interest Charges	177,108	152,191	158,211	143,737	170,402	211,026
Interest Charges	54,522	47,416	52,439	57,403	66,509	55,905
Net Income	122,586	104,775	105,772	86,334	103,893	155,121
Preferred and Preference Stock Dividend Requirements	4,011	3,457	3,153	3,062	6,023	21,867
Available for Common Stock	$ 118,575	$ 101,318	$ 102,619	$ 83,272	$ 97,870	$ 133,254

Capitalization *(thousands)**	1995	1994	1993	1992	1991	1985
Common Stock Equity	$ 897,938	$ 874,699	$ 866,151	$ 853,924	$ 860,229	$ 838,394
Preferred Stock	89,000	89,000	89,000	89,000	52,000	112,000
Redeemable Preferred Stock	1,436	1,596	1,756	1,916	2,076	65,836
Redeemable Preference Stock	—	—	—	—	—	33,333
Long-term Debt	$ 909,516	$ 831,889	$ 868,152	$ 814,709	$ 822,680	$ 1,128,681

Common Stock Data	1995	1994	1993	1992	1991	1985
Average Shares Outstanding *(thousands)*	61,902	61,903	61,909	61,909	61,909	60,393
Earnings per Common Share	$ 1.92	$ 1.64	$ 1.66	$ 1.35	$ 1.58	$ 2.21
Return on Year-end Common Equity	13.2%	11.6%	11.8%	9.8%	11.4%	15.9%
Cash Dividends per Share	$ 1.54	$ 1.50	$ 1.46	$ 1.43	$ 1.37	$ 1.18
Book Value per Share	$ 14.50	$ 14.13	$ 13.99	$ 13.79	$ 13.90	$ 13.55
Common Stock Equity Ratio	49.2%	49.6%	51.2%	49.3%	49.9%	38.5%
Common Stock Price						
High	$ 26⅝	$ 23⅞	$ 26¼	$ 24½	$ 23¾	$ 12¼
Low	$ 21½	$ 18⅝	$ 21¾	$ 19⅞	$ 17⅛	$ 9

Other Data and Ratios	1995	1994	1993	1992	1991	1985
Utility Capital Expenditures *(thousands)*	$ 134,070	$ 124,965	$ 129,199	$ 129,559	$ 122,447	$ 157,727
Total Assets *(thousands)*	$ 2,882,506	$ 2,770,397	$ 2,755,068	$ 2,646,923	$ 2,615,039	$ 2,654,058
Ratio of Earnings to Fixed Charges	3.94	4.07	3.80	3.12	3.22	3.08

*Includes amounts to be redeemed or purchased and current maturities

Electric Statistics

Electric Sales Statistics

	1995	1994	1993	1992	1991	1985
Revenues *(thousands)*						
Residential	$ 306,171	$ 288,872	$ 287,862	$ 258,124	$ 291,579	$ 200,839
Commercial	370,467	361,254	360,219	351,024	355,750	254,535
Industrial	114,539	116,271	121,515	118,389	114,979	105,145
Other	14,303	14,223	14,514	14,316	14,193	12,223
Total retail	805,480	780,620	784,110	741,853	776,501	572,742
Bulk power	65,749	76,180	60,636	48,058	35,839	49,936
Other sales for resale	3,143	3,459	4,445	4,319	4,535	6,525
Total	874,372	860,259	849,191	794,230	816,875	629,203
Other electric revenues	11,583	8,013	8,259	8,438	8,226	3,846
Total	$ 885,955	$ 868,272	$ 857,450	$ 802,668	$ 825,101	$ 633,049
Megawatt-Hour Sales						
Residential	3,879,975	3,644,789	3,582,925	3,172,611	3,613,751	2,657,018
Commercial	5,422,077	5,283,884	5,141,169	4,984,285	5,072,586	3,757,144
Industrial	2,573,883	2,561,695	2,507,205	2,429,883	2,294,734	2,248,524
Other	65,492	69,612	72,556	72,129	71,198	70,749
Total retail	11,941,427	11,559,980	11,303,855	10,658,908	11,052,269	8,733,435
Bulk power	4,045,225	4,733,951	3,725,115	2,940,905	1,945,182	2,748,645
Other sales for resale	78,127	87,334	108,581	102,971	109,327	160,174
Total	16,064,779	16,381,265	15,137,551	13,702,784	13,106,778	11,642,254
Average Number of Customers						
Residential	377,302	372,098	367,792	365,069	362,878	324,133
Commercial	49,797	49,763	49,004	48,522	48,042	41,947
Industrial	2,677	2,271	2,317	2,328	2,372	2,588
Other	131	130	131	133	134	134
Total retail	429,907	424,262	419,244	416,052	413,426	368,802
Bulk power	22	32	25	24	23	20
Other sales for resale	11	12	12	12	12	14
Total	429,940	424,306	419,281	416,088	413,461	368,836
Residential Sales						
Average mwh per customer	10.3	9.8	9.7	8.7	10.0	8.2
Average revenue per kwh	7.9¢	7.9¢	8.0¢	8.1¢	8.1¢	7.6¢
Load Statistics						
Net generation-mwh	15,852,834	16,158,937	14,558,295	13,416,669	12,922,963	11,170,702
Purchased-mwh	969,525	980,306	1,206,514	924,107	880,545	1,172,034
Total-mwh	16,822,359	17,139,243	15,764,809	14,340,776	13,803,508	12,342,736
Maximum net hourly demand in						
megawatts-winter	1,864	1,810	1,713	1,687	1,674	1,446
megawatts-summer	2,909	2,714	2,819	2,624	2,751	2,235
Net generating capability in megawatts (summer)	3,103	3,098	3,085	3,089	3,090	2,937
Net capacity purchased summer (megawatts)	426	453	380	306	231	41
Btu per mwh generated	10.619	10.553	10.641	10.632	10.637	10.635
Number of Employees						
December 31	2,330	2,362	2,735	2,782	2,881	2,863
December 31-adjusted*	2,643	2,738	3,130	3,181	3,276	3,069

*Excludes employees allocated to other participating companies at LaCygne and Iatan stations and includes employees allocated from Wolf Creek.

Shareholder Information

Form 10-K

Copies of KCPL's 1995 annual report filed with the Securities and Exchange Commission on Form 10-K will be provided at no charge to any shareholder or beneficial owner of shares in KCPL's stock upon written request to:

Corporate Secretary
Kansas City Power & Light Company
P.O. Box 418679
Kansas City, Missouri 64141-9679

Common Stock Dividends Paid

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

Preferred Stock Dividends

Quarterly dividends on preferred stock were declared in each quarter of 1995 and 1994 as follows:

Cumulative Preferred Stock Series	Amount
3.80%	\$0.95
4.00%	1.00
4.20%	1.05
4.35%	1.0875
4.50%	1.125

Two-Year Common Stock History

KCPL's common stock price range and dividends paid per share were as follows:

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

Exchange Listing and Stock Symbol

Common stock is listed on the New York Stock Exchange (NYSE) and the Chicago Stock Exchange.

Ticker Symbol: KLT

Number of common shareholders: 29,657 on December 31, 1995.

All dividends paid by KCPL in 1995 were determined to be dividend income and no portion was considered a return of capital.

Dividend Reinvestment and Stock Purchase Plan

KCPL offers its shareholders the opportunity to increase their investment through a Dividend Reinvestment and Stock Purchase Plan which is available to all common stock shareholders of record. Quarterly common stock dividends may be automatically reinvested to purchase common stock. Optional cash amounts, ranging from \$100 to \$5,000, may also be invested monthly toward the purchase of additional shares. Shareholders may choose to surrender their stock certificates to the transfer agent for deposit (safekeeping) in their Dividend Reinvestment accounts. For more information or an authorization form, contact Investor Relations or UMB Bank, n.a.

Direct Deposit of Dividends

Convenient direct deposit of dividends is available to shareholders who wish to have dividends deposited directly to personal checking, savings or other accounts. Electing direct deposit will change only the mailing of dividends. Annual reports and proxy materials will not be affected. For an enrollment form, please contact Investor Relations or UMB Bank, n.a.

Shareholder Inquiries

For account information or assistance, including change of address, stock transfers, dividend payments, duplicate accounts or to report a lost certificate, please contact Investor Relations at 800-245-5275 (out-of-state) or 816-556-2053.

Financial Inquiries

Security analysts and investment professionals seeking financial information about KCPL may contact Investor Relations at 816-556-2312.

Transfer Agent and Stock Registrar

UMB Bank, n.a.
Securities Transfer Division
P.O. Box 410064
Kansas City, Missouri 64141-0064
816-860-7786

Shareholder Mailing List

HighLights, KCPL's quarterly newsletter for shareholders, is available upon request to those interested. To be put on our mailing list, call Investor Relations at 800-245-5275.

Annual Meeting of Shareholders

All shareholders will receive in April proxy materials and information about KCPL's annual shareholders' meeting. Any questions may be directed to Investor Relations at 800-245-5275.

Corporate Information

Corporate Offices

Kansas City Power & Light Company

1201 Walnut

Kansas City, Missouri 64106-2124

Mailing Address

P.O. Box 418679

Kansas City, Missouri 64141-9679

Generating Capacity and the MOKAN Pool

KCPL's 1995 total available capacity was 3,529 megawatts, including 3,103 mw of installed generating capacity plus 426 mw of net capacity purchases. Its 1995 system peak load was 2,909 and resulted in a capacity margin of about 18%, the equivalent of a reserve margin of about 21%. In addition to being a member of the Southwest Power Pool, a regional reliability council, KCPL is a member of the MOKAN pool formed in 1962 to share reserve capacity, coordinate planning for additional generating units and expand transmission lines. Transmission connections with numerous utilities in Missouri, Kansas, Nebraska, Iowa and Minnesota enhance KCPL's system reliability. Kansas City is a key center in the interconnected system which enables regional and inter-regional bulk power transactions among electric utility systems.

KCPL is proud of its commitment to the environment. Only environmentally friendly recycled paper was used in the production of this annual report.

Front Section: 10% post-consumer waste and total recycled fiber content not less than 50%.

Financial Section: 60% total recovered fiber, including 20% post consumer waste.

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