

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-16** | Period of Report: **1993-12-31**
SEC Accession No. [0000912057-94-000942](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

UTILICORP UNITED INC

CIK: **66960** | IRS No.: **440541877** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-03562** | Film No.: **94516271**
SIC: **4931** Electric & other services combined

Mailing Address

*PO BOX 13287
KANSAS CITY MO 64199-3287*

Business Address

*COMMERCE TOWER
911 MAIN STE 3000
KANSAS CITY MO 64105
8164216600*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1993 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-3562

UTILICORP UNITED INC.

(Exact name of registrant as specified in its charter)

DELAWARE

44-0541877

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

3000 Commerce Tower, 911 Main, Kansas City, Missouri 64105

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (816) 421-6600

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

<TABLE>

<CAPTION>

<S>

Title of each class

<C>

Name of each exchange on which registered

Common Stock, par value \$1.00 per share

New York, Pacific and Toronto Stock Exchanges

Convertible Preference Stock, no par value,
\$1.775 Series

New York Stock Exchange

Preference Stock, no par value,
\$2.05 Series

New York Stock Exchange

Convertible Subordinated Debentures,
6-5/8%, due July, 2011

New York Stock Exchange

</TABLE>

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No . Indicate by check mark if

disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]
The aggregate market value of the voting stock held by nonaffiliates of the registrant is \$1,222,758,766 based on the February 18, 1994, New York Stock

Exchange closing price of \$29.75.

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

Class

Outstanding at March 3, 1994

Common Stock, par value \$1.00 per share 42,180,202

The following documents, or parts thereof, are incorporated herein by reference:

Document -----	Where Incorporated -----
1993 Annual Report to Shareholders	Parts I, II and IV
1994 Proxy Statement	Part III

UTILICORP UNITED INC.
FORM 10-K
For the fiscal year ended December 31, 1993

TABLE OF CONTENTS

	Description -----	Page ----
PART I		
Item 1.	Business	I-1
Item 2.	Properties	I-6
Item 3.	Legal Proceedings	I-10
Item 4.	Submission of Matters to a Vote of Security Holders	I-11
PART II		
Item 5.	Market for the Company's Common Stock and Related Stockholder Matters	II-1
Item 6.	Selected Financial Data	II-1
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	II-1
Item 8.	Financial Statements and Supplementary Data	II-2
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure	II-2
PART III		
Item 10.	Directors and Executive Officers of the Company	III-1
Item 11.	Executive Compensation	III-1
Item 12.	Security Ownership of Certain Beneficial Owners and Management	III-1
Item 13.	Certain Relationships and Related Transactions	III-1
PART IV		
Item 14.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	IV-1
	Index to Exhibits	IV-6
	Signatures	IV-9

i

UTILICORP UNITED INC.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL DEVELOPMENT OF BUSINESS.

UtiliCorp United Inc. (the company) is an electric and natural gas utility company with total assets of more than \$2.8 billion. The company was formed in 1985 from Missouri Public Service Company. Today it operates utilities in eight states through seven divisions, and in one Canadian province through a subsidiary. At December 31, 1993, the company had approximately 1,158,000 utility customers and 4,700 employees.

The operating divisions of UtiliCorp are Missouri Public Service, WestPlains Energy, Peoples Natural Gas, Michigan Gas Utilities, West Virginia Power, Northern Minnesota Utilities and Kansas Public Service. West Kootenay Power operates as a Canadian subsidiary. In addition to these utility operations, the company is active in non-regulated areas of the utility industry through two subsidiaries, Aquila Energy Corporation (Aquila) and UtilCo Group. The company also markets natural gas in the United Kingdom through several joint ventures and owns joint venture interests in electric distribution operations in New Zealand.

Aquila was originally purchased as part of Peoples Natural Gas. It was made a wholly-owned subsidiary of UtiliCorp in 1986 to take advantage of the many marketing and transportation opportunities created by deregulation of the natural gas industry. See page I-4 for further discussion.

Formed in 1986, UtilCo Group held ownership interests in 15 independent power projects in six states at December 31, 1993. These projects have an aggregate capacity of 732 MW. UtilCo Group's ownership interests range from 15% to 50%, and its share of project assets at the end of 1993 totaled \$363.1 million.

United Gas, the company's natural gas marketing venture in the United Kingdom (U.K.), became a contributor to earnings in 1993 due to continued efforts to further develop markets in areas of the U.K. where it supplies gas. The company and six regional electric distribution utilities in the U.K. have entered into joint venture agreements to supply gas to large volume customers in the electric utilities' service areas via facilities owned by British Gas.

In July 1993, the company finalized a joint venture arrangement with the Waikato Electricity Authority in New Zealand. Under the arrangement, UtiliCorp agreed to purchase a 33% interest in Waikato-based WEL Energy Group Ltd. (WEL), for approximately \$21 million to be paid over time. The company paid \$2.7 million at closing and will make additional investments in the future based on the capital requirements of WEL.

The business of the company is seasonal only to the extent that weather patterns may have an effect on revenues. The electric revenues of the company's Missouri Public Service and WestPlains Energy divisions peak during the summer months while the electric revenues of its West Virginia Power division and the West Kootenay Power subsidiary peak during the winter months. The company's gas and energy related businesses revenues peak during the winter months.

The company's strategy is to balance its services by business segment, region, climate, and regulatory jurisdiction, and to be in the forefront of utility deregulation. In pursuit of these goals, the company actively seeks expansion opportunities in both the regulated and non-regulated segments of the industry.

I-1

Additional information related to key events in 1993 and the general development of the company can be found under "Key Events of 1993" on page 17 and in Note 2 on page 37 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

Segment information for the three years ended December 31, 1993 appears in Note 12 on page 47 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

NARRATIVE DESCRIPTION OF BUSINESS.

ELECTRIC OPERATIONS

Through three of its divisions, Missouri Public Service ("MPS"), WestPlains Energy ("WPE") and West Virginia Power ("WVP"), and one subsidiary, West Kootenay Power, Ltd. ("WKP"), the company serves approximately 418,000 electric customers in four states and British Columbia.

Over each of the last three years, the largest customer class has been residential sales which have accounted for approximately 36%, 35% and 39% of Megawatt hour ("MWH") sales during 1993, 1992 and 1991, respectively, and 43%, 42% and 46% of total electric revenues during the same period. A summary of the company's electric revenues, MWH sales, and customers, by class is set forth under "Electric Operations" on page 54 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

The electric segment has generated an average of 62% of its energy requirements over the past three years while purchasing the remainder through firm contracts and spot market purchases. The following table shows the overall fuel and purchased power mix for the past three years:

<TABLE>
<CAPTION>

Source	1993	1992	1991
<S>	<C>	<C>	<C>
Coal	41.0%	42.5%	46.2%
Purchased Power	40.8	40.2	32.0
Hydro	14.0	15.2	20.0
Gas & Oil	4.2	2.1	1.8
	-----	-----	-----
	100.0%	100.0%	100.0%
	-----	-----	-----
	-----	-----	-----

</TABLE>

A divisional summary of generation capability, firm purchased power contracts and cost of energy is set forth in Exhibit 99(a) to this Annual Report on Form 10-K and is incorporated by reference herein.

As part of the acquisition of WPE in 1991, the company entered into a long-term operating lease of an 8% interest in the Jeffrey Energy Center ("Jeffrey"), a 2,070-megawatt coal-fired generating station. (See the related discussion under "Commitments and Contingencies" on page 45 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.) The company through its MPS division also has an 8% ownership interest in Jeffrey.

In late 1992 and early 1993, the company renegotiated its major coal supply and rail contracts, all at favorable prices. These contracts supply a substantial portion of the company's coal requirements. The company also purchases coal in the spot market when market conditions dictate.

A summary of the electric operations is set forth on pages 18 and 19 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

I-2

Competition

The company believes that competition possible as a result of open transmission legislation now being considered by Congress may benefit the electric industry. The company is confident that its electric utilities will be able to compete effectively with outside producers in providing electric service to existing and new customers.

GAS OPERATIONS

The company serves approximately 740,000 customers in eight states through its Peoples Natural Gas ("PNG"), Michigan Gas Utilities ("MGU"), Northern Minnesota Utilities ("NMU"), Kansas Public Service ("KPS"), WVP and MPS divisions.

Residential sales have accounted for approximately 55%, 54% and 52% of gas revenues during 1993, 1992 and 1991, respectively, and approximately 51%, 50% and 47% of thousand cubic feet ("MCF") tariff gas volumes sold during 1993, 1992 and 1991, respectively. Gas volumes delivered for third parties have averaged approximately 47% of total MCF deliveries over the past three years due primarily to the deregulation within the natural gas industry. A summary of the company's gas revenues, MCF sales and customers, by class, for the past three years is set forth under "Gas Operations" on page 54 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

In 1993, the company's gas divisions purchased approximately 71% of their gas supply requirements through spot market purchases. A divisional summary of information on contract and spot market purchases and gas costs is set forth in Exhibit 99(b) to this Annual Report on Form 10-K, and is incorporated by reference herein.

Recent Acquisition

On February 1, 1993, the company purchased the Nebraska gas distribution system of Arkla, Inc.'s ("Arkla") Minnegasco division ("Nebraska System") for approximately \$99 million, including \$21 million in working capital. The Nebraska System serves about 124,000 gas customers in 63 eastern Nebraska communities, including the city of Lincoln. The Nebraska System is being operated as part of PNG.

Pending Acquisitions

On May 7, 1993, the company signed an acquisition agreement with Arkla to

purchase its Kansas gas distribution and transmission systems ("Kansas Systems") for approximately \$25 million. The Kansas Systems serve about 22,000 customers in Wichita and several surrounding communities.

The company expects to complete the acquisition of the Kansas Systems in the first half of 1994. The transaction is subject to the receipt of regulatory approval. Upon completion, the Kansas Systems will be operated as part of PNG.

On February 15, 1994, the company announced the signing of a definitive agreement for the purchase of a Missouri intrastate natural gas pipeline system owned by Edisto Resources Corporation. The \$75 million purchase price includes the gas distribution system at Fort Leonard Wood, Missouri along with a pipeline that crosses the Mississippi river north of St. Louis. The transaction requires regulatory approval and is expected to close later in 1994.

A summary of the gas operations is set forth on pages 20 and 21 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

I-3

Competition

The company's gas divisions are subject to competition in the industrial sector from fuel oil, propane, coal and waste wood. The company has been able to maintain its customer base through flexible tariff rates, attractive storage pricing and transportation services. The company believes it can continue to retain industrial customers through such mechanisms in the future.

Residential customer competition comes primarily from electric utility incentives and low-cost financing offers. The company has been able to maintain its customer base through similar programs of its own.

ENERGY RELATED BUSINESSES

Aquila formed three business units in 1989 to focus on various segments of its operations: Aquila Energy Marketing Corporation, Aquila Energy Resources Corporation and Aquila Gas Pipeline Corporation (formerly Aquila Gas Systems Corporation). In October 1993, Aquila Gas Pipeline Corporation (AGP) completed an initial public offering of 5.4 million shares of common stock, representing about 18% of the outstanding stock of AGP.

Aquila Energy Marketing Corporation (AEM) has a marketing, supply and transportation network consisting of relationships with more than 1,700 gas producers and 800 local distribution companies and end-users throughout the United States, Mexico and Canada. Through more than 350 transportation agreements, it has over 13,000 gas receiving and delivery points available on a network of 33 pipelines.

Aquila Energy Resources Corporation (AER) acquires proved gas and oil reserves and operates onshore and offshore production facilities. Supplementary information on gas and oil-producing activities appears in Note 13 on pages 48 and 49 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

In 1991, the company, through Aquila, purchased the remaining 51% partnership interest in Aquila-Clajon Limited Holdings, L.P. and Aquila-Clajon General Holdings, L.P. (collectively, the "Clajon Partnerships"). The Clajon Partnerships were renamed Aquila Southwest which is now a primary component of the operations of AGP.

AGP owns and operates a 2,300-mile intrastate gas transmission and gathering network, four processing plants that extract and sell natural gas liquids and a subsidiary that markets natural gas.

AER's net gas and oil production, average gross sales price per MCF of gas and per barrel of oil, and average production costs of gas and oil stated on an MCF equivalent basis are reflected below:

<TABLE>

<CAPTION>

Year	Production(1)		Average Gross Sales Price		Average Production Costs per MCFe(2)
	Gas (MCF)	Oil (Bbls.)	Per MCF	Per Bbl.	
1993	23,291	1,070	\$2.38	\$18.12	\$0.59
1992	24,110	1,444	\$1.68	\$19.78	\$0.58
1991	28,646	1,669	\$1.65	\$22.54	\$0.39

<FN>

(1) Production volumes are in thousands.

(2) Oil production is converted into MCF equivalents at a rate of six MCF per barrel, representing the approximate relative energy content of oil and natural gas.

</TABLE>

I-4

AEM has entered into numerous long-term gas supply contracts at fixed prices. At December 31, 1993, AEM had minimum fixed price sales obligations of 29.0, 15.2, 15.2, 15.2 and 15.2 BCF for deliveries in the year 1994 to 1998, respectively, at prices that range from \$1.73 to \$3.41 per MCF.

During 1993, Aquila continued its review of its long-term strategy which began in mid-1992. Upon completion of this planning process, the company recorded an after tax restructuring charge of \$45 million. For additional information regarding the operations of Aquila, the initial public offering of AGP, the revised long-term strategy and the restructuring charge, please refer to pages 23, 24 and 25 of the 1993 Annual Report to Shareholders and Notes 3 and 4 to the Consolidated Financial Statements included therein. Such information is incorporated by reference herein.

In June 1992, the company and Aquila filed a lawsuit in a Houston, Texas federal court against two former officers of AER, as well as the wife of one of them, seeking to recover actual and punitive damages for improper payments related to the acquisition of gas and oil reserves. The company is also pursuing action to recover part of the loss through insurance coverage. (See related discussion under Item 3 Legal Proceedings beginning on Page I-10.)

Competition

Aquila has various competitors for the markets it serves, including other marketing companies, gas pipelines, distribution companies, major oil and gas companies and alternative fuels. Aquila's ability to compete successfully and grow in this environment is contingent upon performance, price and the stability of the gas markets.

The competition Aquila encounters in acquiring assets typically comes from pipeline and production companies. The primary focus of all groups is to find strategically located reserves to support their individual markets.

REGULATION

The following table summarizes the regulatory jurisdictions under which each of the Company's regulated businesses operates.

<TABLE>

<CAPTION>

Division	Jurisdiction
-----	-----
<S>	<C>
Kansas Public Service	Kansas Corporation Commission
Michigan Gas Utilities	Michigan Public Service Commission
Missouri Public Service	Public Service Commission of the State of Missouri
	Federal Energy Regulatory Commission
Northern Minnesota Utilities	Minnesota Public Utilities Commission
Peoples Natural Gas	Minnesota Public Utilities Commission
	Iowa State Utilities Board
	Kansas Corporation Commission
	Public Utilities Commission of the State of Colorado
West Kootenay Power, Ltd.	British Columbia Utilities Commission
West Virginia Power	Public Service Commission of West Virginia
WestPlains Energy	Kansas Corporation Commission
	Public Utilities Commission of the State of Colorado
	Federal Energy Regulatory Commission

</TABLE>

There is no state regulatory body in Nebraska which has jurisdiction over utility operations. However, in Nebraska, municipalities which are served by PNG regulate rates and services therein.

I-5

Certain of AGP's pipeline volumes and rates are regulated by the Texas Railroad Commission.

Information related to recent rate related matters is set forth under "Revenues" on pages 18, 19 and 20 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

ENVIRONMENTAL

The company is regulated by certain local, state and federal agencies in the United States and by provincial and federal agencies in Canada. The company is subject to various environmental regulations including air quality standards and emission limitations, clean water criteria pertaining to certain facilities and the handling and disposal of hazardous substances. Compliance with existing regulations, and those which may be promulgated in the future, can result in considerable capital expenditures and operation and maintenance expense. A further discussion of environmental matters is set forth in Note 10 under "Environmental" on pages 45 and 46 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

ITEM 2. PROPERTIES

The company owns, through its divisions and Canadian subsidiary, electric production, transmission and distribution systems and gas transmission and distribution systems throughout its service territory. The company owns, through Aquila, proved natural gas and oil reserves and gas gathering, processing and transportation pipeline systems.

Substantially all of the company's domestic utility plant is mortgaged under the terms of a First Mortgage Indenture dated January 1, 1946, as supplemented (the "Indenture"), and a General Mortgage Indenture and Deed of Trust dated September 15, 1988, as supplemented. Substantially all of MGU's utility plant is mortgaged under terms pursuant to an Indenture of Mortgage and Deed of Trust dated July 1, 1951, as supplemented (the "MGU Indenture"). Substantially all of the Company's WKP subsidiary's utility plant is mortgaged under terms pursuant to a separate indenture.

I-6

UTILITY FACILITIES

The company's electric production facilities, as of December 31, 1993, are as follows:

<TABLE>
<CAPTION>

Unit	Location	Year Installed	Unit Capability (KW Net)	Fuel
----	-----	-----	-----	----
<S>	<C>	<C>	<C>	<C>
MPS				
Sibley #1	Sibley, Missouri	1960	52,400	Coal
Sibley #2	Sibley, Missouri	1962	52,400	Coal
Sibley #3	Sibley, Missouri	1969	387,900	Coal
Jeffrey #1	Pottawatomie County, Kansas	1978	55,800	Coal
Jeffrey #2	Pottawatomie County, Kansas	1980	53,900	Coal
Jeffrey #3	Pottawatomie County, Kansas	1983	56,000	Coal
Ralph Green #3	Pleasant Hill, Missouri	1981	60,100	Gas
Nevada #1	Nevada, Missouri	1974	18,600	Oil
Greenwood #1	Greenwood, Missouri	1975	46,100	Oil
Greenwood #2	Greenwood, Missouri	1975	44,200	Oil
Greenwood #3	Greenwood, Missouri	1977	47,200	Oil
Greenwood #4	Greenwood, Missouri	1979	45,700	Oil
KCI	Platte County, Missouri	1970	23,700	Gas
WPE				
Judson Large #4	Dodge City, Kansas	1969	137,000	Gas/Oil
Arthur Mullergren #3	Great Bend, Kansas	1963	92,000	Gas/Oil
Cimarron River #1	Liberal, Kansas	1963	58,000	Gas
Cimarron River #2	Liberal, Kansas	1967	14,000	Gas
Clifton #1	Clifton, Kansas	1974	71,000	Gas
Clifton #2	Clifton, Kansas	1974	2,500	Oil
Jeffrey #1	Pottawatomie County, Kansas	1978	55,800	Coal
Jeffrey #2	Pottawatomie County, Kansas	1980	53,900	Coal
Jeffrey #3	Pottawatomie County, Kansas	1983	56,000	Coal
W.N. Clark #1	Canon City, Colorado	1955	16,840	Coal
W.N. Clark #2	Canon City, Colorado	1959	23,690	Coal
Pueblo #6	Pueblo, Colorado	1949	19,000	Gas/Oil
Diesel #'s 1,2,3,4,5	Pueblo, Colorado	1964	10,000	Oil
Diesel #'s 1,2,3,4,5	Rocky Ford, Colorado	1964	10,000	Oil
WKP				
No. 1	Lower Bonnington, British Columbia	1925	41,400	Hydro
No. 2	Upper Bonnington, British Columbia	1907/1916/1940	59,400	Hydro
No. 3	South Slocan, British Columbia	1928	53,200	Hydro
No. 4	Corra Linn, British Columbia	1932	51,300	Hydro
TOTAL			1,769,030	

</TABLE>

At December 31, 1993, the company owned substations aggregating 8,674,164 KVA, 5,934 miles of transmission line ranging from 34,500 volt to 345,000 volt, 17,648 miles of overhead distribution line and 2,291 miles of underground distribution line.

At December 31, 1993, the company's gas operations had 21 operating natural gas compressor stations with 11,692 aggregate total horsepower, 2,839 miles of gas gathering and transmission pipelines and 18,625 miles of distribution mains and services located throughout its divisional service territories.

I-7

AQUILA ENERGY CORPORATION PROPERTIES

Supplementary information on gas and oil producing activities of Aquila and non-regulated operations of a utility division is set forth under "Reserve Quantity Information (Unaudited)" on pages 48 and 49 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

The number of productive gas and oil wells in which Aquila has an interest at December 31, 1993 is reflected below:

<TABLE>
<CAPTION>

	Gross	Net
	----	---
<S>	<C>	<C>
Natural Gas	280	83
Oil	109	32
	---	---
Total	389	115
	---	---
	---	---

</TABLE>

The following table sets forth the gross and net, developed and undeveloped acreage in which Aquila has an interest as of December 31, 1993:

<TABLE>
<CAPTION>

	Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net
	----	---	----	---
<S>	<C>	<C>	<C>	<C>
Oklahoma	67,492	37,835	2,596	871
Louisiana-offshore	81,277	51,459	0	0
Louisiana-onshore	9,248	7,204	1,640	543
Texas-offshore	31,680	20,520	0	0
Texas-onshore	3,540	829	4,321	2,403
	-----	-----	-----	-----
Total	193,237	117,847	8,557	3,817
	-----	-----	-----	-----
	-----	-----	-----	-----

</TABLE>

Aquila drilled 1 gross (.3 net) exploratory well during 1993. It drilled no exploratory wells during either 1992 or 1991. The number of development wells completed and wells acquired during 1993, 1992 and 1991 follows:

<TABLE>
<CAPTION>

	1993		1992		1991	
	Gross	Net	Gross	Net	Gross	Net
	----	---	----	---	----	---
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Wells Completed:						
Natural gas	14	5.6	2	1.4	0	0.0
Oil	2	.5	6	1.5	0	0.0
Dry holes	6	2.2	0	0.0	0	0.0
	---	---	---	---	---	---
Total	22	8.3	8	2.9	0	0.0
	---	---	---	---	---	---
	---	---	---	---	---	---
Wells Acquired (Sold), net:						
Natural gas	(56)	.8	0	0.6	277	58.0
Oil	2	1.7	0	0.9	76	10.0
	---	---	---	---	---	---

Total	(54)	2.5	0	1.5	353	68.0
	---	---	---	---	---	---
	---	---	---	---	---	---

</TABLE>

At December 31, 1993, Aquila had 7 gross (3.67 net) wells in the process of being drilled.

I-8

AGP has ten natural gas pipeline systems having an aggregate length of approximately 2,371 miles and 51 compressor stations having approximately 80,414 horsepower. These pipelines do not form an interconnected system. Set forth below is information with respect to AGP's pipeline systems as of December 31, 1993:

<TABLE>

<CAPTION>

Gathering and Transmission Systems	Date of Initial Operation	Location	Daily Capacity of Gas (MCF) (1)	Average Daily Volume of Gas (MCF) (1)	Gross Miles of Pipeline(1)
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Southeast Texas Pipeline System	January 1980	Southeast Texas	310,000	298,000	1,579
Elk City Gathering System	October 1990	Southwest Oklahoma	115,000	78,000	116
Mentone Pipeline System	April 1976	West Texas	60,000	1,000	13
Mooreland/Dewey Pipeline System	November 1989	Northwest Oklahoma	40,000	16,000	280
Gomez Pipeline System	June 1970	West Texas	40,000	1,000	11
Maverick County Pipeline System	January 1978	West Texas	20,000	3,000	118
Rhoda Walker Pipeline System	December 1977	West Texas	20,000	5,000	21
Panola County Pipeline System	May 1981	East Texas	8,000	1,000	24
Menard County Pipeline System	October 1992	West Texas	30,000	4,000	116
Brooks - Hidalgo Pipeline System (2)	September 1993	South Texas	75,000	3,000	93
			-----	-----	-----
			718,000	410,000	2,371
			-----	-----	-----
Less: Fuel and Shrinkage				(85,000)	

TOTAL				325,000	

<FN>

(1) All capacity, volume and mileage information is approximate. Capacity figures are management's estimates based on existing facilities without regard to the present availability of natural gas. Volumes presented above are for residue gas, which is gas that has been processed for the removal of natural gas liquids.

(2) AGP has entered into a joint venture whereby AGP receives 50% of the earnings of the pipeline. The average daily volume of gas shown above is AGP's 50% share.

</TABLE>

AGP owns and operates four natural gas processing and treating plants. One is located in southwest Oklahoma and had a rated capacity and average utilization of 115,000 MCF and 73,000 MCF, respectively, in 1993. AGP operates three plants in southeast Texas having rated capacities of 230,000 MCF, 25,000 MCF and 3,000 MCF. Average utilization was 212,000 MCF, 26,000 MCF and 1,000 MCF, respectively, for these plants in 1993.

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

Additional information regarding Aquila's property and other non-regulated property is set forth in Note 3 on page 38 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

I-9

OTHER PROPERTIES

Information regarding the company's UtilCo Group subsidiary's generating projects is set forth in Exhibit 99(c) to this Annual Report on Form 10-K and incorporated by reference herein.

ITEM 3. LEGAL PROCEEDINGS

On June 17, 1992, a class action suit was filed in the United States District Court for the Western District of Missouri by a stockholder against the Company and certain unnamed employees of the Company and/or its subsidiary, Aquila Energy Corporation. The case caption is WILLIAM ALPERN V. UTILICORP UNITED INC., ET AL. In this case, plaintiff alleges that the Company violated various securities laws, including Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 of the Securities and Exchange Commission, both by making misrepresentations and omitting to state material facts in connection with public disclosures. The plaintiff also alleges a claim under Section 11 of the Securities Act of 1933, as amended. Among other relief, plaintiff seeks unspecified compensatory damages. Discovery in the case is now underway.

On June 17, 1992, UtiliCorp commenced a civil suit against Vincent Marquez and Richard Stegall, former employees of Aquila Energy Resources Corporation, and Mr. Stegall's former wife, Corre Stegall. Aquila Energy Resources Corporation is a wholly-owned subsidiary of Aquila Energy Corporation which, in turn, is a wholly-owned subsidiary of UtiliCorp. This case was filed in the United States District Court for the Southern District of Texas in Houston, alleging that the defendants breached their fiduciary duty, committed fraud, embezzled plaintiffs' money and converted plaintiffs' funds for defendants' own use or use of others. Mrs. Stegall filed an answer denying knowledge of any of the matters alleged. Marquez and Stegall filed a joint answer and counterclaim, admitting that funds were received by them or other third parties as alleged in the complaint but denying any wrongdoing on their part and contending that all such payments were done under the direction and approval of plaintiffs. In their counterclaim, Marquez and Stegall have alleged five separate claims: (1) fraud; (2) misrepresentation; (3) fraudulent inducement; (4) tortious interference; and (5) libel and slander. All of these claims are premised on the basic factual contentions that UtiliCorp and Aquila authorized and approved the use of the brokers and the middlemen on the transactions in question, authorized and approved the payments to the brokers and middlemen on the transactions in question, and further authorized and approved payments to Stegall on the transactions in question as extra bonus compensation. Marquez and Stegall allege that their damages are undetermined, but suggest they have been damaged in the approximate amount of \$7,500,000. Marquez and Stegall have also filed a third-party complaint against the former president of Aquila, claiming that he personally authorized and approved all of their conduct which is the subject matter of plaintiffs' complaint. On April 30, 1993, UtiliCorp and Aquila amended their complaint, seeking damages of approximately \$15 million, and adding 32 additional defendants, consisting of individuals and corporations who either participated with defendants Marquez and Stegall in the misappropriation or who received a portion of the misappropriated funds. UtiliCorp and Aquila also sought injunctive relief against all defendants with respect to their bank accounts containing these funds. The court granted a temporary restraining order, but on May 7, dissolved the injunction, except as to the Marquez Ranch, where the court appointed a Receiver. The court has denied several motions for summary judgment filed by various defendants who were added by the amended complaint. The court has granted one motion for summary judgment, by defendants PK Investments and its principals, Charlene Poulos and John Keys, but the court has refused to make such judgment final. Ten of the defendants have all filed counterclaims, sounding in abuse of process, bad faith, slander, libel and tortious interference, all relating to their joinder in the lawsuit and the action taken to obtain the temporary restraining order.

I-10

Four defendants have filed additional counterclaims for breach of contract and fraud relating to the transactions which are the subject of the UtiliCorp and Aquila claims and are similar to the counterclaims originally asserted by defendants Marquez and Stegall. The case will be tried in late September or early October 1994.

On August 13, 1992, a class action suit was filed in the United States District Court of the Southern District of Texas, Houston Division, against the Company, Aquila Energy Corporation, Aquila Energy Resources Corporation, Richard C. Green, Jr., Marc L. Petersen, Richard D. Stegall and Vincent F. Marquez. The case is captioned MARTIN AND SELMA KAPLAN V. UTILICORP UNITED INC., ET AL. In this case plaintiffs allege that the defendants violated various securities laws, including Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 of the Securities and Exchange Commission, and allege common law fraud and deceit, alleging misrepresentations and omissions of material facts in connection with public disclosures. Plaintiffs sought

unspecified compensatory damages. On November 10, 1992, the District Court dismissed all counts in the KAPLAN case as to all defendants. The dismissal was affirmed by the United States Court of Appeals to the Fifth Circuit, and no further appeals were taken.

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

No such matters were submitted during the fourth quarter of 1993.

EXECUTIVE OFFICERS OF THE COMPANY

Richard C. Green, Jr. Chairman of the Board of Directors, President and Chief Executive Officer. Age 39. Chairman of the Board of Directors since February 1989 and President and Chief Executive Officer since May 1985.

John R. Baker Vice Chairman. Age 67. Present position three years. Prior position was Senior Vice President, Corporate Development for six years.

Robert K. Green Managing Executive Vice President. Age 32. Present position since May 1993. Previously Executive Vice President for four months. Prior executive positions at the company's Missouri Public Service division, beginning in 1988, included two years as President. Mr. Green was an attorney during 1987 - 1988 at the Kansas City law firm of Blackwell Sanders Matheny Weary & Lombardi.

Joseph J. Colosimo Managing Senior Vice President. Age 43. Present position since May 1993. Previously Vice President, Human Resources since 1991. Prior positions include Corporate Director, Human Resources & Ethics, Loral Aerospace, 1990 - 1991; Director, Personnel & Organization, Ford Aerospace, 1988 - 1990; and Manager, Human Resources, Western Development Laboratories, Ford Aerospace, 1984 - 1988.

Robert L. Howell Managing Senior Vice President. Age 53. Present position since May 1993. Previously Vice President, Corporate Development since 1988. Mr. Howell came to the Company from National Computer Systems where he had been Director - New Business Development since 1985.

I-11

Judith A. Samayoa Vice President. Age 41. Present position since September 1993. Previously Vice President, Accounting since 1987.

Dale J. Wolf Vice President, Treasurer and Corporate Secretary. Age 54. Present position five years. Prior position was Vice President, Finance and Treasurer for four years.

James S. Brook Vice President. Age 43. Present position effective November 1993. Prior position was Senior Vice President of the Company's Missouri Public Service division for four years. Mr. Brook also held several positions at West Kootenay Power, including Treasurer and Chief Financial Officer from 1980 - 1982 and Vice President-Finance from 1982 - 1990.

Leo E. Morton Vice President. Age 48. Present position effective February 1, 1994. Mr. Morton came to the Company from AT&T where he was employed for 21 years in a variety of engineering and management positions.

B. C. Burgess Vice President. Age 48. Present position effective February 1, 1994. Mr. Burgess came to the Company from Bell Atlantic where he was Vice President - Information Services from May 1993. Prior position was with Sprint in various management positions from 1985 - 1993.

Alan R. Caron Vice President. Age 42. Present position effective February 1, 1994. Prior position was Senior Vice President at the Company's Missouri Public Service division since November, 1990. Mr. Caron held various management positions with E. F. Johnson Company, Enscan, Inc. and Minnegasco, Inc. (all subsidiaries of Diversified Energies, Inc.) from 1985 - 1990.

Michael D. Bruhn Vice President. Age 39. Present position effective

February 1, 1994. Prior position was Director - Corporate Development for the Company since 1991. Prior to joining the Company, Mr. Bruhn held the position of Senior Vice President - Corporate Finance at B.C. Christopher Securities Co. for four years and Vice President - Corporate Finance at George K. Baum & Co. for over three years.

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

I-12

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The company's common stock is listed on the New York, Pacific and Toronto stock exchanges under the symbol UCU. At December 31, 1993, the company had 33,902 common shareholders of record. Information relating to market prices of Common Stock and cash dividends on Common Stock is set forth in Note 14 on page 50 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

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

Cash dividends on and acquisition of the company's capital stock are restricted by provisions of the company's first mortgage indentures and by the Preference Stock provisions of the Certificate of Incorporation. Under the most restrictive of these provisions, contained in the MGU Indenture, the company may not declare or pay any dividend (other than a dividend payable in shares of its capital stock), whether in cash, stock or otherwise, or make any other distribution, on or with respect to any class of its capital stock, or purchase or otherwise acquire any shares of, any class of its capital stock if, after giving effect thereto, the sum of (i) the aggregate amount of all dividends declared and all other distributions made (other than dividends declared or distributions made in shares of its capital stock) on shares of its capital stock, of any class, subsequent to December 31, 1984, plus (ii) the excess, if any, of the amount applied to or set apart for the purchase or other acquisition of any shares of its capital stock, of any class, subsequent to December 31, 1984, over such amounts as shall have been received by the company as the net cash proceeds of sales of shares of its capital stock, of any class, subsequent to December 31, 1984, would exceed the sum of the net income of the company since January 1, 1985, plus \$50 million. In addition, the company may not declare such dividends unless it maintains a tangible net worth of at least \$250 million and the aggregate principal amount of its outstanding indebtedness does not exceed 70% of its capitalization. None of the company's retained earnings was restricted as to payment of cash dividends on its capital stock as of December 31, 1993.

ITEM 6. SELECTED FINANCIAL DATA

Information regarding the five-year selected financial data is set forth on pages 52 and 53 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein. Information regarding the restructuring charge and gain on sale of subsidiary stock can be found in Note 4 on page 39 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein. Information concerning utility and energy related acquisitions and non-regulated property and investments appears in Note 2 and Note 3, respectively, on pages 37 and 38 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein. Information related to the company's capitalization is set forth under "Consolidated Statement of Capitalization" on page 34 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

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

Management's discussion and analysis of financial condition and results of operations can be found under "Operations and Finance" on pages 17 through 30 of the company's 1993 Annual Report to Shareholders. Such information is incorporated by reference herein.

II-1

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, together with the report thereon of Arthur

Andersen & Co. dated January 31, 1994, are set forth on pages 32 through 51 of the company's 1993 Annual Report to Shareholders. Financial statements for the year ended December 31, 1991, were audited by Price Waterhouse and their report is set forth on page IV-4 of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

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

On May 5, 1992, the company dismissed Price Waterhouse as its independent accountants.

The report of Price Waterhouse on the financial statements for the year ended December 31, 1991 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

The company's Audit Committee and Board of Directors approved the decision to change independent accountants.

In connection with its audit for the year ended December 31, 1991 and through May 5, 1992, there had been no disagreements with Price Waterhouse on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Price Waterhouse would have caused them to make reference thereto in their report on the financial statements for such year.

During the year ended December 31, 1991 and through May 5, 1992, there were no reportable events (as defined in Regulation S-K Item 304(a)(v)).

The company requested that Price Waterhouse furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of such letter, dated May 5, 1992, was filed as Exhibit 16 to the company's current report on Form 8-K, dated May 5, 1992.

The company engaged Arthur Andersen & Co. as its new independent accountants as of May 5, 1992 and since that date, there have been no disagreements with Arthur Andersen & Co. on accounting and financial disclosures.

II-2

PART III

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

Information regarding these items appears in the company's definitive proxy statement for its annual meeting of shareholders to be held May 4, 1994, and is hereby incorporated by reference in this Form 10-K Annual Report, pursuant to General Instruction G(3) of Form 10-K. For information with respect to the executive officers of the company, see "Executive Officers of the Company" following Item 4 in Part I.

III-1

PART IV

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

<TABLE>
<CAPTION>

	Page (s)

<S> <C>	<C>
(a) The following documents are filed as part of this report:	
(1) Financial Statements:	
Consolidated Statement of Income for the three years ended December 31, 1993	32*
Consolidated Balance Sheet at December 31, 1993, 1992, and 1991.	33*
Consolidated Statement of Capitalization at December 31, 1993, 1992, and 1991	34*
Consolidated Statement of Common Shareholders' Equity for the three years ended December 31, 1993	34*
Consolidated Statement of Cash Flows for the three years ended December 31, 1993	35*
Notes to Consolidated Financial Statements	36-50*

Report of Arthur Andersen & Co..	51*
Report of Price Waterhouse	IV-4

(2) Financial Statement Schedules:

	Report of Independent Accountants on Financial Statement Schedules - Arthur Andersen & Co.	IV-3
	Report of Independent Accountants on Financial Statement Schedules - Price Waterhouse.	IV-5
V -	Utility Plant and Property In Service for the years 1993, 1992, and 1991.	S-1 to S-3
VI -	Accumulated Depreciation, Depletion and Amortization of Utility Plant and Property in Service for the years 1993, 1992 and 1991	S-4 to S-6
VIII -	Valuation and Qualifying Accounts for the years 1993, 1992 and 1991	S-7
IX -	Short-Term Borrowings for the years 1993, 1992, and 1991	S-8 to S-10
X -	Supplementary Income Statement Information for the years 1993, 1992 and 1991	S-11

<FN>

*Incorporated by reference from the indicated pages of the 1993 Annual Report to Shareholders.

</TABLE>

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

(3) List of Exhibits:

Incorporated herein by reference to the Index to Exhibits.

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

- 10(a)(2) UtiliCorp United Inc. Deferred Income Plan.
- 10(a)(3) UtiliCorp United Inc. 1986 Stock Incentive Plan.
- 10(a)(4) UtiliCorp United Inc. Annual Incentive Plan.
- 10(a)(5) UtiliCorp United Inc. 1990 Non-Employee Director Stock Plan.
- 10(a)(6) Supplemental Executive Retirement Agreement dated November 10, 1988, between the company and Edward H. Muncaster.

IV-1

- 10(a)(7) Supplemental Executive Retirement Agreement dated October 13, 1988, between the company and Dale J. Wolf.
- 10(a)(8) Severance Compensation Agreement dated as of May 3, 1989, between the company and each Executive of the Company.
- 10(a)(9) Executive Severance Payment Agreement
- 10(a)(10) Temporary Contract Employee Agreement

(b) Reports on Form 8-K.

A current report on Form 8-K dated February 4, 1993, with respect to Items 5 and 7 was filed with the Securities and Exchange Commission by the company.

A current report on Form 8-K dated February 25, 1993, with respect to Item 7 was filed with the Securities and Exchange Commission by the company.

A current report on Form 8-K dated March 22, 1993, with respect to Item 7 was filed with the Securities and Exchange Commission by the company.

A current report on Form 8-K dated September 1, 1993, with respect to Item 7 was filed with the Securities and Exchange Commission by the company.

IV-2

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULES

To the Board of Directors
of UtiliCorp United Inc.

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements for 1993 and 1992 described on page 51 of UtiliCorp United Inc.'s Annual Report to the Board of Directors and Shareholders

incorporated by reference in this Form 10-K, and have issued our report thereon dated January 31, 1994. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The Financial Statement Schedules listed in Item 14(a)2 are presented for the purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Kansas City, Missouri
January 31, 1994

CONSENT OF INDEPENDENT ACCOUNTANTS

As Independent Public Accountants we hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (No. 33-49803, No. 33-47289, and No. 33-39466) and on Form S-8 (No. 33-45525, No. 33-50260, No. 33-45074 and No. 33-52094) of UtiliCorp United Inc. of our report dated January 31, 1994 appearing on page 51 of the 1993 Annual Report to the Board of Directors and Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears above. It should be noted that we have not audited any financial statements of UtiliCorp United Inc. subsequent to December 31, 1993 or performed any audit procedures subsequent to the date of our report.

ARTHUR ANDERSEN & CO.

Kansas City, Missouri
March 14, 1994

IV-3

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
of UtiliCorp United Inc.

In our opinion, the consolidated balance sheet and consolidated statement of capitalization and the related consolidated statement of income, of common shareholders' equity and of cash flows for the year ended December 31, 1991 (appearing on pages 32 through 35 of the 1993 Annual Report to Shareholders of UtiliCorp United Inc. which has been incorporated by reference in this Annual Report on Form 10-K), present fairly, in all material respects, the financial position, results of operations and cash flows of UtiliCorp United Inc. and its subsidiaries for the year then ended in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above. We have not audited the consolidated financial statements of UtiliCorp United Inc. for any period subsequent to December 31, 1991.

In 1992, the company gave retroactive effect to a change in the method of accounting for gas and oil properties.

PRICE WATERHOUSE

Kansas City, Missouri
February 7, 1992, except with respect to the

retroactive effect of a change in the method of accounting for gas and oil properties, as to which date is November 6, 1992.

IV-4

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors
of UtiliCorp United Inc.

Our audits of the consolidated financial statements referred to in our report, appearing on page IV-4 of this Annual Report on Form 10-K also included an audit of the Financial Statement Schedules for the year ended December 31, 1991 listed in Item 14(a)(2) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

In 1992, the company gave retroactive effect to a change in the method of accounting for gas and oil properties.

PRICE WATERHOUSE

Kansas City, Missouri
February 7, 1992, except with respect to the retroactive effect of a change in the method of accounting for gas and oil properties, as to which date is November 6, 1992.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (No. 33-49803, No. 33-47289 and No. 33-39466) and on Form S-8 (No. 33-45525, No. 33-50260, No. 33-45074 and No. 33-52094) of UtiliCorp United Inc. of our report appearing on page IV-4 of this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears above.

PRICE WATERHOUSE

Kansas City, Missouri
March 14, 1994

IV-5

INDEX TO EXHIBITS

- *3(a)(1) Certificate of Incorporation of the Company. (Exhibit 3(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- *3(a)(2) Certificate of Amendment to Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to Registration Statement No. 33-16990 filed September 3, 1987.)
- *3(a)(3) Certificate of Designation of the \$1.775 Series Cumulative Convertible Preference Stock, as amended. (Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1989.)
- *3(a)(4) Certificate of Designation of the Preference Stock (Cumulative), \$2.05 Series. (Exhibit 3(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- *3(a)(5) By-laws of the Company as amended. (Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.)

- *4(a)(1) Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- *4(a)(2) Certificate of Amendment to Certificate of Incorporation of the Company. (Exhibit 4(a)(1) to Registration Statement No. 33-16990 filed September 3, 1987.)
- *4(a)(3) Certificate of Designation of the \$1.775 Series Cumulative Convertible Preference Stock, as amended. (Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1989.)
- *4(a)(4) Certificate of Designation of the Preference Stock (Cumulative), \$2.05 Series. (Exhibit 4(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- *4(a)(5) By-laws of the Company as amended. (Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.)
- *4(b)(1) Indenture, dated January 1, 1946. (Exhibit 5(a)(1) to Registration Statement No. 2-54964, filed November 7, 1975.)
- *4(b)(2) Fourteenth Supplemental Indenture, dated as of March 15, 1967. (Exhibit 5(a)(15) to Registration Statement No. 2-60474, filed December 14, 1977.)
- *4(c)(1) Indenture, dated as of November 1, 1990, between the Company and The First National Bank of Chicago, Trustee. (Exhibit 4(a) to the Company's Current Report on Form 8-K, dated November 30, 1990.)
- *4(c)(2) First Supplemental Indenture, dated as of November 27, 1990. (Exhibit 4(b) to the Company's Current Report on Form 8-K, dated November 30, 1990.)
- *4(c)(3) Second Supplemental Indenture, dated as of November 15, 1991. (Exhibit 4(a) to UtiliCorp United Inc.'s Current Report on Form 8-K dated December 19, 1991.)
- *4(c)(4) Third Supplemental Indenture, dated as of January 15, 1992. (Exhibit 4(c)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- *4(c)(5) Fourth Supplemental Indenture, dated as of February 24, 1993. (Exhibit 4(c)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)

IV-6

- 4(c)(6) Fifth Supplemental Indenture, dated as of April 1, 1993.
 - *4(d) Twentieth Supplemental Indenture, dated as of May 26, 1989, Supplement to Indenture of Mortgage and Deed of Trust, dated July 1, 1951. (Exhibit 4(d) to Registration Statement No. 33-45382, filed January 30, 1992.)
- Long-Term debt instruments of the Company in amounts not exceeding 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis will be furnished to the Commission upon request.
- *10(a)(1) Agreement for the Construction and Ownership of Jeffrey Energy Center, dated as of January 13, 1975, among Missouri Public Service Company, The Kansas Power and Light Company, Kansas Gas and Electric Company and Central Telephone & Utilities Corporation. (Exhibit 5(e)(1) to Registration Statement No. 2-54964, filed November 7, 1975.)
 - *10(a)(2) UtiliCorp United Inc. Deferred Income Plan. (Exhibit 10(a)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
 - *10(a)(3) UtiliCorp United Inc. 1986 Stock Incentive Plan. (Exhibit 10(a)(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
 - *10(a)(4) UtiliCorp United Inc. Annual Incentive Plan. (Exhibit 10(a)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
 - *10(a)(5) UtiliCorp United Inc. 1990 Non-Employee Director Stock Plan. (Exhibit 10(a)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)

- *10(a)(6) Supplemental Executive Retirement Agreement dated November 10, 1988, between the Company and Edward H. Muncaster. (Exhibit 10(a)(16) to the Company's Annual Report on Form 10-K for the year ended December 31, 1988.)
- *10(a)(7) Supplemental Executive Retirement Agreement dated October 13, 1988, between the Company and Dale J. Wolf. (Exhibit 10(a)(10) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.)
- *10(a)(8) Severance Compensation Agreement dated as of May 3, 1989, between the Company and each Executive of the Company. (Exhibit 10(a)(13) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)
- *10(a)(9) Executive Severance Payment Agreement (Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended September 30, 1993.)
- 10(a)(10) Temporary Contract Employee Agreement
- *10(a)(11) Lease Agreement dated as of August 15, 1991, between Wilmington Trust Company, as Lessor, and the Company, as Lessee. (Exhibit 10(a)(13) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.)
- 10(a)(12) Credit Agreement dated as of December 13, 1993 among the Company as Borrower, the Banks Named Therein as Banks, and Citibank, N.A., as Agent [Three-Year Facility]
- 10(a)(13) Credit Agreement dated as of December 13, 1993 among the Company as Borrower, the Banks Named Therein as Banks, and Citibank, N.A., as Agent [360-Day Facility]
- 11 Statement regarding Computation of Per Share Earnings.

IV-7

- 13 1993 Annual Report to Shareholders.
- 21 Subsidiaries of the Company.
- 23(a) Consent of Arthur Andersen & Co. appearing on Page IV-3 of this Form 10-K.
- 23(b) Consent of Price Waterhouse appearing on Page IV-5 of this Form 10-K.
- 99(a) 1993 Utility Data - Electric Operations
- 99(b) 1993 Utility Data - Gas Operations
- 99(c) UtilCo Group Generating Projects

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

IV-8

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UTILICORP UNITED INC.

By: /s/ Richard C. Green, Jr.

Richard C. Green, Jr.
President and Chief Executive
Officer

Date March 14, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934,

this report has been signed below by the following persons, which include the Principal Executive Officer, the Principal Financial Officer, the Principal Accounting Officer and a majority of the Board of Directors, on behalf of the Company and in the capacities and on the dates indicated.

March 14, 1994 Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer) /s/ Richard C. Green, Jr.

Richard C. Green, Jr.

March 14, 1994 Vice President - Finance (Principal Financial Officer) /s/ Dale J. Wolf

Dale J. Wolf

March 14, 1994 Vice President (Principal Accounting Officer) /s/ James S. Brook

James S. Brook

March 14, 1994 Managing Executive Vice President and Director /s/ Robert K. Green

Robert K. Green

March 14, 1994 Director /s/ John R. Baker

John R. Baker

March 14, 1994 Director /s/ Avis G. Tucker

Avis G. Tucker

March 14, 1994 Director /s/ Robert F. Jackson

Robert F. Jackson

March 14, 1994 Director /s/ Don R. Armacost

Don R. Armacost

IV-9

March 14, 1994 Director /s/ L. Patton Kline

L. Patton Kline

March 14, 1994 Director /s/ Herman Cain

Herman Cain

IV-10

UTILICORP UNITED INC.

SCHEDULE V -- UTILITY PLANT AND PROPERTY IN SERVICE

FOR THE YEAR ENDED DECEMBER 31, 1993
(in millions)

<TABLE>
<CAPTION>

Column A -----	Column B -----	Column C -----	Column D -----	Column E -----	Column F -----	Column G -----
Classification -----	Balance December 31, 1992 -----	Additions At Cost -----	Retirements or Sales -----	Translation Adjustments and Other Changes -----	Purchase of Nebraska Gas System -----	Balance December 31, 1993 -----
	<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC Intangibles	\$ 58.5	\$.2	\$ -	\$ 3.1	\$ -	\$ 61.8

Production	361.1	47.4	5.8	(1.8)	-	400.9
Transmission	264.1	9.9	1.2	(5.1)	-	267.7
Distribution	626.7	42.2	3.4	5.6	-	671.1
Other	66.7	9.4	1.0	(5.5)	-	69.6
	-----	-----	-----	-----	-----	-----
Total Electric	1,377.1	109.1	11.4	(3.7)	-	1,471.1
GAS						
Intangibles	74.5	.4	-	.3	28.3	103.5
Transmission	57.4	3.2	.2	1.5	3.5	65.4
Distribution	516.1	37.8	4.4	(5.3)	74.1	618.3
Other	87.7	8.6	3.4	(3.7)	7.9	97.1
	-----	-----	-----	-----	-----	-----
Total Gas	735.7	50.0	8.0	(7.2)	113.8	884.3
COMMON	56.1	8.5	2.3	(.1)	-	62.2
	-----	-----	-----	-----	-----	-----
Total Utility Plant in Service	2,168.9	167.6	21.7	(11.0)	113.8	2,417.6
PLANT HELD FOR FUTURE USE	5.1	.2	-	-	-	5.3
CONSTRUCTION WORK IN PROGRESS	46.7	(27.3) (1)	-	2.9	-	22.3
	-----	-----	-----	-----	-----	-----
Total Utility Plant, at Original Cost	\$2,220.7	\$140.5	\$21.7	\$(8.1)	\$113.8	\$2,445.2
	-----	-----	-----	-----	-----	-----
AQUILA PROPERTY						
Natural gas, crude oil and condensate properties	\$ 313.7	\$ 38.0	1.2	\$(13.3)	-	\$ 337.2
Gathering and processing	346.9	55.4	.5	12.3	-	414.1
Other	4.6	1.1	-	-	-	5.7
	-----	-----	-----	-----	-----	-----
TOTAL AQUILA PROPERTY	\$ 665.2	\$ 94.5	\$ 1.7	\$(1.0)	\$ -	\$ 757.0
	-----	-----	-----	-----	-----	-----

<FN>

(1) Construction work in progress additions are net of amounts transferred to plant in service.

</TABLE>

S-1

UTILICORP UNITED INC.

SCHEDULE V - UTILITY PLANT AND PROPERTY IN SERVICE
FOR THE YEAR ENDED DECEMBER 31, 1992
(in millions)

<TABLE>

<CAPTION>	Column A	Column B	Column C	Column D	Column E	Column F	Column G
	-----	-----	-----	-----	-----	-----	-----
	Classification	Balance December 31, 1991	Additions At Cost	Retirements or Sales	Translation Adjustments and Other Changes	Purchase of Division	Balance December 31, 1992
	-----	-----	-----	-----	-----	-----	-----
<S>		<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC							
Intangibles		\$ 40.1	\$ -	\$ -	\$18.4 (1)	\$ -	\$ 58.5
Production		350.5	15.9	1.4	(3.9)	-	361.1
Transmission		230.6	7.8	1.8	27.5 (2)	-	264.1
Distribution		630.7	40.7	4.7	(40.0) (2)	-	626.7
Other		63.6	6.2	.9	(2.2)	-	66.7
		-----	-----	-----	-----	-----	-----
Total Electric		1,315.5	70.6	8.8	(.2)	-	1,377.1
GAS							
Intangibles		74.1	.3	-	.1	-	74.5
Transmission		49.1	5.0	.4	3.7	-	57.4
Distribution		486.5	34.7	4.6	(.5)	-	516.1
Other		77.0	12.1	2.5	1.1	-	87.7
		-----	-----	-----	-----	-----	-----
Total Gas		686.7	52.1	7.5	4.4	-	735.7
COMMON		48.6	9.4	1.7	(.2)	-	56.1
		-----	-----	-----	-----	-----	-----
Total Utility Plant in Service		2,050.8	132.1	18.0	4.0	-	2,168.9

PLANT HELD FOR FUTURE USE	5.1	-	-	-	-	5.1
CONSTRUCTION WORK IN PROGRESS	31.9	17.7	(3)	-	(2.9)	46.7
Total Utility Plant, at Original Cost	\$2,087.8	\$149.8	\$18.0	\$ 1.1	\$ -	\$2,220.7
AQUILA PROPERTY						
Natural gas, crude oil and condensate properties	\$ 294.4	\$ 17.1	\$ -	\$ 2.2	\$ -	\$ 313.7
Gathering and processing	319.8	29.7	-	(2.6)	-	346.9
Other	2.5	2.1	-	-	-	4.6
Total Aquila Property	\$ 616.7	\$ 48.9	\$ -	\$ (.4)	\$ -	\$ 665.2

<FN>
(1) Construction work in progress additions are net of amounts transferred to plant in service.
(2) These amounts relate primarily to the reclassification of certain substation property.
(3) Construction work in progress additions are net of amounts transferred to plant in service.
</TABLE>

S-2

UTILICORP UNITED INC.

SCHEDULE V -- UTILITY PLANT AND PROPERTY IN SERVICE
FOR THE YEAR ENDED DECEMBER 31, 1991
(in millions)

<TABLE> <CAPTION>	Column A -----	Column B -----	Column C -----	Column D -----	Column E -----	Column F -----	Column G -----
Classification -----	Balance December 31, 1990	Additions At Cost	Retirements or Sales	Translation Adjustments and Other Changes	Purchase of West Plains Energy and Clajon	Balance December 31, 1991	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
ELECTRIC							
Intangibles	\$ 25.6	\$ -	\$ -	\$ (.9)	\$ 15.4	\$ 40.1	
Production	278.5	8.6	.6	(.6)	64.6	350.5	
Transmission	122.8	10.3	.4	.1	97.8	230.6	
Distribution	434.4	31.9	2.9	2.3	165.0	630.7	
Other	37.0	7.7	.3	(.6)	19.8	63.6	
Total Electric	898.3	58.5	4.2	.3	362.6	1,315.5	
GAS							
Intangibles	72.2	.3	(1.2)	.4	-	74.1	
Transmission	47.3	3.6	-	(1.8)	-	49.1	
Distribution	439.5	51.2	4.1	(.1)	-	486.5	
Other	72.5	8.0	4.0	.5	-	77.0	
Total Gas	631.5	63.1	6.9	(1.0)	-	686.7	
COMMON	42.9	6.4	.4	(.3)	-	48.6	
Total Utility Plant in Service	1,572.7	128.0	11.5	(1.0)	362.6	2,050.8	
PLANT HELD FOR FUTURE USE	1.2	-	-	-	3.9	5.1	
CONSTRUCTION WORK IN PROGRESS	16.6	6.0	(1)	1.7	7.6	31.9	
Total Utility Plant, at Original Cost	\$1,590.5	\$134.0	\$11.5	\$.7	\$374.1	\$2,087.8	
AQUILA PROPERTY							
Natural gas, crude oil and condensate properties	\$ 202.9	\$ 94.6	\$ 3.1	\$ -	\$ -	\$ 294.4	
Gathering and processing	71.0	52.8	-	(14.3)	210.3	319.8	
Other	1.2	1.3	-	-	-	2.5	
Total Aquila Property	\$ 275.1	\$148.7	\$ 3.1	\$ (14.3)	\$210.3	\$ 616.7	

<FN>

(1) Construction work in progress additions are net of amounts transferred to plant in service.

</TABLE>

S-3

UTILICORP UNITED INC.

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF UTILITY PLANT AND PROPERTY IN SERVICE

FOR THE YEAR ENDED DECEMBER 31, 1993

(in millions)

<TABLE>

<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F	Column G		
	Additions		Deductions from Reserves					
Classification	Balance December 31, 1992	Charged to Expense	Charged to Clearing Accounts	Property Retired	Salvage and Removal Costs, Net	Translation Adjustments and Other Changes	Purchase of Nebraska Gas System	Balance December 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC								
Intangibles	\$.6	\$ 1.7	\$ -	\$ -	\$ -	\$ (4.1)	\$ -	\$ 6.4
Production	151.7	12.5	-	5.8	1.2	1.1	-	156.1
Transmission	93.6	7.1	-	1.2	-	-	-	99.5
Distribution	205.4	21.2	-	3.3	1.2	1.4	-	220.7
Other	27.1	2.0	.8	1.0	.3	(.7)	-	29.3
Total Electric	478.4	44.5	.8	11.3	2.7	(2.3)	-	512.0
GAS								
Intangibles	14.9	3.5	-	-	-	(1.0)	.2	19.6
Transmission	23.9	1.7	-	.3	-	-	.4	25.7
Distribution	193.5	18.9	-	4.2	.9	(.3)	32.4	240.0
Other	38.0	6.6	.1	3.4	(.7)	(1.0)	2.7	45.7
Total Gas	270.3	30.7	.1	7.9	.2	(2.3)	35.7	331.0
COMMON	18.5	4.4	1.3	2.3	.1	(.2)	-	22.0
Total	\$ 767.2	\$ 79.6	\$ 2.2	\$ 21.5	\$ 3.0	\$ (4.8)	\$35.7	\$ 865.0
AQUILA								
Natural gas, crude oil and condensate properties	\$ 140.3	\$ 38.7	\$ -	\$ -	\$ -	\$.4	\$ -	\$ 178.6
Gathering and processing	38.9	35.9	-	.5	-	(4.1)	-	78.4
Other	1.3	1.1	-	.4	-	-	-	2.0
TOTAL AQUILA	\$ 180.5	\$ 75.7	\$ -	\$.9	\$ -	\$ (3.7)	\$ -	\$ 259.0

</TABLE>

S-4

UTILICORP UNITED INC.

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF UTILITY PLANT AND PROPERTY IN SERVICE

FOR THE YEAR ENDED DECEMBER 31, 1992

(in millions)

<TABLE>

<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F	Column G
	Additions		Deductions from Reserves			

Classification	Balance December 31, 1991	Charged to Expense	Charged to Clearing Accounts	Property Retired	Salvage and Removal Costs, Net	Translation Adjustments and Other Changes	Purchase of Division	Balance December 31, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC								
Intangibles	\$ (.3)	\$.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$.6
Production	145.3	10.2	-	1.4	2.0	.4	-	151.7
Transmission	82.0	6.6	-	1.8	.8	(7.6)	-	93.6
Distribution	203.2	20.6	-	4.7	1.8	11.9	-	205.4
Other	25.0	2.0	.7	.9	(.2)	(.1)	-	27.1
Total Electric	455.2	40.3	.7	8.8	4.4	4.6	-	478.4
GAS								
Intangibles	12.4	2.3	-	-	-	(.2)	-	14.9
Transmission	22.8	1.4	-	.4	-	(.1)	-	23.9
Distribution	181.7	17.1	-	4.6	.8	(.1)	-	193.5
Other	34.2	5.8	.1	2.5	(.4)	-	-	38.0
Total Gas	251.1	26.6	.1	7.5	.4	(.4)	-	270.3
COMMON	15.5	3.8	1.0	1.7	.2	(.1)	-	18.5
Total	\$ 721.8	\$ 70.7	\$ 1.8	\$ 18.0	\$ 5.0	\$ 4.1	\$ -	\$ 767.2
AQUILA								
Natural gas, crude oil and condensate properties	\$ 90.3	\$ 51.2	\$ -	\$ -	\$ -	\$ 1.2	\$ -	\$ 140.3
Gathering and processing	20.9	22.6	-	-	-	4.6	-	38.9
Other	0.7	0.9	-	-	-	0.3	-	1.3
TOTAL AQUILA	\$ 111.9	\$ 74.7	\$ -	\$ -	\$ -	\$ 6.1	\$ -	\$ 180.5

</TABLE>

S-5

UTILICORP UNITED INC.

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF UTILITY PLANT AND PROPERTY IN SERVICE
FOR THE YEAR ENDED DECEMBER 31, 1991
(in millions)

Classification	Balance December 31, 1990	Charged to Expense	Charged to Clearing Accounts	Property Retired	Salvage and Removal Costs, Net	Translation Adjustments and Other Changes	Purchase of West Plains Energy and Clajon	Balance December 31, 1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC								
Intangibles	\$ (.4)	\$.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (.3)
Production	86.8	8.4	-	.6	1.0	.4	52.1	145.3
Transmission	37.1	3.8	-	.4	.2	1.0	42.7	82.0
Distribution	126.6	15.0	-	2.9	.8	(1.5)	63.8	203.2
Other	11.2	1.6	.3	.4	(.1)	(1.2)	11.0	25.0
Total Electric	261.3	28.9	.3	4.3	1.9	(1.3)	169.6	455.2
GAS								
Intangibles	9.5	2.3	-	(1.2)	-	.6	-	12.4
Transmission	21.6	1.2	-	-	-	-	-	22.8
Distribution	170.2	15.7	-	4.1	.9	(.8)	-	181.7
Other	32.2	5.4	.1	3.9	(.4)	-	-	34.2
Total Gas	233.5	24.6	.1	6.8	.5	(.2)	-	251.1
COMMON	11.7	3.1	.8	.4	-	(.3)	-	15.5

Total Utility	\$ 506.5	\$ 56.6	\$ 1.2	\$ 11.5	\$ 2.4	\$ (1.8)	\$169.6	\$ 721.8
AQUILA								
Natural gas, crude oil and condensate properties	\$ 50.8	\$ 42.6	\$ -	\$ 3.1	\$ -	\$ -	\$ -	\$ 90.3
Gathering and processing	.9	8.7	-	-	-	-	11.3	20.9
Other	.4	.3	-	-	-	-	-	.7
TOTAL AQUILA	\$ 52.1	\$ 51.6	\$ -	\$ 3.1	\$ -	\$ -	\$11.3	\$ 111.9

</TABLE>

S-6

UTILICORP UNITED INC.

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE YEARS ENDED DECEMBER 31, 1993
(in millions)

<TABLE> <CAPTION>						
Column A	Column B	Column C	Column D	Column E	Column F	
Description	Beginning Balance December 31	Purchase of Division	Additions Charged to Expense	Deductions from Reserves For Purposes for Which Created	Ending Balance December 31	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1993 Allowance for doubtful accounts	\$2.6	.3	3.2	4.5	\$1.6	
1992 Allowance for doubtful accounts	\$1.4	-	2.8	1.6	\$2.6	
1991 Allowance for doubtful accounts	\$2.1	.1	1.9	2.7	\$1.4	

</TABLE>

S-7

UTILICORP UNITED INC.

SCHEDULE IX -- SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 1993
(dollars in millions)

<TABLE> <CAPTION>						
Column A	Column B	Column C	Column D	Column E	Column F	
Category of aggregate short-term borrowings	Balance at December 31	Weighted average interest rate	Maximum amount outstanding during the period(a)	Average amount outstanding during the period(a)	Weighted average interest rate during the period(a)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Bank Borrowings (uncommitted)	\$70.0	3.51%	\$129.5	\$30.7	3.31%	
Commercial Paper (b) (c)	-	-	135.0	21.1	4.01	
Revolving Credit Facility	-	-	80.0	6.1	3.69	

</TABLE>

The Company borrows funds for corporate purposes through the sale of commercial paper, under two \$200 million revolving credit facilities with a group of banks and through uncommitted money market lines of credit with banks. The commercial paper is generally sold for periods of 60 days or less, and short-term bank borrowings generally are arranged for periods of 30 to 90 days. The two \$200 million revolving credit facilities (the "Facilities") replaced a \$400 million credit Facility in December 1993. The Facilities provide back-up liquidity for the company's commercial paper programs and allow the company additional

short-term borrowing capacity on a committed basis. The company pays a fee of .225% on the average daily unused portion of the Facilities.

- (a) Based upon daily balances outstanding.
- (b) Includes domestic and European commercial paper.
- (c) Does not include cost of back-up liquidity facility.

S-8

UTILICORP UNITED INC.

SCHEDULE IX -- SHORT-TERM BORROWINGS

FOR THE YEAR ENDED DECEMBER 31, 1992
(dollars in millions)

<TABLE>
<CAPTION>

Column A -----	Column B -----	Column C -----	Column D -----	Column E -----	Column F -----
Category of aggregate short-term borrowings -----	Balance at December 31 -----	Weighted average interest rate -----	Maximum amount outstanding during the period(a) -----	Average amount outstanding during the period(a) -----	Weighted average interest rate during the period(a) -----
<S>	<C>	<C>	<C>	<C>	<C>
Bank Borrowings (uncommitted)	\$113.0	4.08%	\$118.0	\$71.6	3.92%
Commercial Paper (b) (c)	117.9	4.33	139.0	81.4	4.08
Revolving Credit Facility	-	-	-	-	-

The Company borrows funds for corporate purposes through the sale of commercial paper, under a \$400 million revolving credit facility with a group of banks and through uncommitted money market lines of credit with banks. The commercial paper is generally sold for periods of 60 days or less, and short-term bank borrowings generally are arranged for periods of 30 to 90 days. The \$400 million credit facility (the "Credit") was initiated in March, 1991 and replaced back-up lines of credit totaling \$160 million. The Credit provides back-up liquidity for the Company's commercial paper programs and allows the Company additional short-term borrowing capacity on a committed basis. The Company pays a fee of 1/4 of 1 percent on the average daily unused portion of the Credit.

- (a) Based upon daily balances outstanding.
- (b) Includes domestic and European commercial paper.
- (c) Does not include cost of back-up liquidity facility.

S-9

UTILICORP UNITED INC.

SCHEDULE IX -- SHORT-TERM BORROWINGS

FOR THE YEAR ENDED DECEMBER 31, 1991
(dollars in millions)

<TABLE>
<CAPTION>

Column A -----	Column B -----	Column C -----	Column D -----	Column E -----	Column F -----
Category of aggregate short-term borrowings -----	Balance at December 31 -----	Weighted average interest rate -----	Maximum amount outstanding during the period(a) -----	Average amount outstanding during the period(a) -----	Weighted average interest rate during the period(a) -----
<S>	<C>	<C>	<C>	<C>	<C>
Bank Borrowings (uncommitted)	\$41.0	5.40%	\$ 68.3	\$22.8	6.14%
Commercial Paper (b) (c)	70.0	5.39	107.3	38.0	6.22
Revolving Credit Facility	-	-	230.0	30.4	8.54

The Company borrows funds for corporate purposes through the sale of commercial paper, under a \$400 million revolving credit facility with a group of banks and

through uncommitted money market lines of credit with banks. The commercial paper is generally sold for periods of 60 days or less, and short-term bank borrowings generally are arranged for periods of 30 to 90 days. The \$400 million credit facility (the "Credit") was initiated in March, 1991 and replaced back-up lines of credit totaling \$160 million. The Credit provides back-up liquidity for the Company's commercial paper programs and allows the Company additional short-term borrowing capacity on a committed basis. The Company pays a fee of 1/4 of 1 percent on the average daily unused portion of the Credit.

- (a) Based upon daily balances outstanding.
- (b) Includes domestic and European commercial paper.
- (c) Does not include cost of back-up credit facility.

S-10

UTILICORP UNITED INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE THREE YEARS ENDED DECEMBER 31, 1993
(in millions)

<TABLE> <CAPTION>	1993 ----	1992 ----	1991 ----
<S>	<C>	<C>	<C>
TAXES, OTHER THAN INCOME TAXES:			
Property	\$39.2	\$33.1	\$26.4
City occupational and franchise	16.3	12.5	13.2
Other	16.5	15.5	12.9
	-----	-----	-----
Total taxes, other than income taxes	\$72.0	\$61.1	\$52.5
	-----	-----	-----

</TABLE>

S-11

UTILICORP UNITED INC.

and

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

6% Senior Notes Due 1998

FIFTH SUPPLEMENTAL INDENTURE

Dated as of April 1, 1993

FIFTH SUPPLEMENTAL INDENTURE, dated as of April 1, 1993 (herein called the "Fifth Supplemental Indenture"), between UTILICORP UNITED INC., a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "Company"), party of the first part, and THE FIRST NATIONAL BANK OF CHICAGO, a national banking association duly organized and existing under the laws of the United States, as Trustee under the Original Indenture referred to below (hereinafter called the "Trustee"), party of the second part.

WITNESSETH:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of November 1, 1990 (hereinafter called the "Original Indenture"), to provide for the issuance from time to time of certain of its unsecured senior notes (hereinafter called the "Securities"), the form and terms of which are to be established as set forth in Sections 201 and 301 of the Original Indenture; and

WHEREAS, Section 901 of the Original Indenture provides, among other things, that the Company and the Trustee may enter into indentures supplemental to the Original Indenture for, among other things, the purpose of establishing the form or terms of the Securities of any series as permitted in Sections 201 and 301 of the Original Indenture; and

WHEREAS, the Company desires to create a series of the Securities in an aggregate principal amount of up to \$70,000,000 to be designated the "6% Senior Notes Due 1998" (the "Senior Notes"), and all action on the part of the Company necessary to

2

authorize the issuance of the Senior Notes under the Original Indenture and this Fifth Supplemental Indenture has been duly taken;

WHEREAS, all acts and things necessary to make the Senior Notes when executed by the Company and completed, authenticated and delivered by the Trustee as in the Original Indenture and this Fifth Supplemental Indenture provided, the valid and binding obligations of the Company and to constitute these presents a valid and binding supplemental indenture and agreement according to its terms, have been done and performed;

WHEREAS, Section 901 of the Original Indenture provides, among other things, that the Company and the Trustee may enter into indentures supplemental to the Original Indenture to, among other things, add to the covenants of the Company for the benefit of the Holders of all or any series of Securities; and

WHEREAS, the Company desires to limit the issuance of Mortgage Bonds

under its General Mortgage (as hereinafter defined) as set forth in Section 204 of this Fifth Supplemental Indenture for the benefit of the Holders of the Senior Notes;

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:

That in consideration of the premises, the Company covenants and agrees with the Trustee, for the equal benefit of holders of the Senior Notes, as follows:

3

ARTICLE ONE

DEFINITIONS

The use of the terms and expressions herein is in accordance with the definitions, uses and constructions contained in the Original Indenture and the form of Senior Note attached hereto as Exhibit A.

ARTICLE TWO

TERMS AND ISSUANCE OF THE SENIOR NOTES

Section 201. ISSUE OF SENIOR NOTES. A series of Securities which shall be designated the "6% Senior Notes Due 1998" shall be executed, authenticated and delivered in accordance with the provisions of, and shall in all respects be subject to, the terms, conditions and covenants of the Original Indenture and this Fifth Supplemental Indenture (including the form of Senior Note set forth as Exhibit A hereto). The aggregate principal amount of Senior Notes of the series created hereby which may be authenticated and delivered under the Original Indenture shall not, except as permitted by the provisions of the Original Indenture, exceed \$70,000,000.

Section 202. FORM OF SENIOR NOTES; INCORPORATION OF TERMS. The form of the Senior Notes shall be substantially in the form of Exhibit A attached hereto. The terms of such Senior Notes are herein incorporated by reference and are part of this Fifth Supplemental Indenture.

4

Section 203. PLACE OF PAYMENT. The Place of Payment will be initially the corporate trust offices of the Trustee which, at the date hereof, are located at The First National Bank of Chicago, One First National Plaza,

Suite 0126, Chicago, Illinois 60670-0126 and The First National Bank of Chicago, 14 Wall Street, 8th Floor, New York, New York 10005.

Section 204. LIMITATION ON ISSUANCE OF MORTGAGE BONDS. The Company will not issue any Mortgage Bonds under its General Mortgage Indenture and Deed of Trust, dated September 15, 1988, between the Company and Commerce Bank of Kansas City, N.A., as Trustee (the "General Mortgage"), in addition to its Mortgage Bonds, Series 1, 9 7/8% due 1998, without making effective provision, and the Company covenants that in any such case effective provisions will be made, whereby the Senior Notes shall be directly secured by the General Mortgage equally and ratably with any and all other obligations and indebtedness thereby secured.

ARTICLE THREE

MISCELLANEOUS

Section 301. EXECUTION OF SUPPLEMENTAL INDENTURE. This Fifth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture and, as provided in the Original Indenture, this Fifth Supplemental Indenture forms a part thereof.

5

Section 302. CONFLICT WITH TRUST INDENTURE ACT. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Fifth Supplemental Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

Section 303. EFFECT OF HEADINGS. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 304. SUCCESSORS AND ASSIGNS. All covenants and agreements in this Fifth Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 305. SEPARABILITY CLAUSE. In case any provision in this Fifth Supplemental Indenture or in the Senior Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 306. BENEFITS OF FIFTH SUPPLEMENTAL INDENTURE. Nothing in this Fifth Supplemental Indenture or in the Senior Notes, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the holders, any benefit or any legal or equitable right, remedy

or claim under this Fifth Supplemental Indenture.

Section 307. GOVERNING LAW. This Fifth Supplemental Indenture and each Senior Note shall be deemed to be a contract made under the laws of the State of New York, and for all

6

purposes shall be governed by and construed in accordance with the laws of said State.

Section 308. EXECUTION AND COUNTERPARTS. This Fifth Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

7

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

UTILICORP UNITED INC.

[Seal]

By: /s/ Richard C. Green, Jr.

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

Attest:

/s/ Judith A. Samayoa

Secretary

THE FIRST NATIONAL BANK
OF CHICAGO, as Trustee

[Seal]

By: /s/ Steven M. Wagner

Steven M. Wagner
Vice President

Attest:

/s/ R. Tarnas

Assistant Vice President

STATE OF MISSOURI)
) ss.:
COUNTY OF JACKSON)

On the 29th day of March, 1993, before me personally came Richard C. Green, Jr., to me known, who, being by me duly sworn, did depose and say that he is the Chairman of the Board, President and Chief Executive Officer of UtiliCorp United Inc., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

/s/ Jennifer D. Turner

Notary Public,
State of Missouri

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On the 26th day of March, 1993, before me personally came Steven M.

Wagner, to me known, who, being by me duly sworn, did depose and say that he is a Vice President of The First National Bank of Chicago, the national banking association described in and which executed the foregoing instrument; that he knows the seal of said association; that the seal affixed to said instrument is such association seal; that it was so affixed by authority of the Board of Directors of said association, and that he signed his name thereto by like authority.

/s/ Ernest L. Henley

Notary Public,
State of Illinois

EXHIBIT A

[FORM OF FACE OF SENIOR NOTE]

REGISTERED

REGISTERED

UTILICORP UNITED INC.

6% SENIOR NOTE DUE 1998

No.

\$

UTILICORP UNITED INC., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ DOLLARS on April 1, 1998, and to pay interest thereon from April 1, 1993, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on April 1 and October 1 in each year, commencing October 1, 1993, at the rate per annum provided in the title hereof, until the principal hereof is paid or made available for payment, and, subject to the terms of the Indenture, at the rate per annum provided in the title hereof on any overdue principal and premium, if any, and (to the extent that the payment of such interest shall be legally enforceable) on any overdue instalment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Holder in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment, which shall be the March 15 or September 15 (whether or not a Business

Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Holder in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, in which event notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and premium, if any, and interest on this Security will be made at the office or agency of the Trustee maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the

- 2 -

United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Holder entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, or an Authenticating Agent, by manual signature of one of its authorized officers, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

- 3 -

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

UTILICORP UNITED INC.

Dated:

By: _____

Attest:

[Seal]

Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Senior
Notes of the series designated
herein referred to in the
within-mentioned Indenture

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

By: _____
Authorized Officer

[FORM OF REVERSE OF SENIOR NOTE]

UTILICORP UNITED INC.

6% SENIOR NOTE DUE 1998

This Senior Note is one of a duly authorized series of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of November 1, 1990, as amended and supplemented (as amended and supplemented, the "Indenture"), between the Company and The First National Bank of Chicago, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$70,000,000.

This Security is not subject to any sinking fund. This Security may

not be redeemed prior to maturity.

Interest payments for this Security will be computed and paid on the basis of a 360-day year of twelve 30-day months. If an Interest Payment Date falls on a day that is not a Business Day, such Interest Payment Date will be the following day that is a Business Day.

The Indenture contains provisions for defeasance of (a) the entire indebtedness of this Security and (b) certain restrictive covenants upon compliance by the Company with certain conditions set forth therein.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than 66 2/3% in principal amount of the Securities at the time Outstanding of all series to be affected (voting as a class). The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such

- 2 -

series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest, if any, on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and premium, if any, and interest, if any, on this Security are payable, duly endorsed by, or

accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and in integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

- 3 -

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

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

TEMPORARY CONTRACT EMPLOYEE AGREEMENT

This Agreement is made and entered into as of the 28th day of September, 1993, by and between Edward Muncaster, hereinafter referred to as "Contractor" and UtiliCorp United Inc., hereinafter referred to as "Employer".

Employer agrees to pay Contractor, and Contractor hereby accepts agreement with Employer, on the terms and conditions herein set forth:

1. TERM. The term of this Agreement shall commence on January 1, 1994, and shall terminate at the sole discretion of either the Contractor or the Employer following sixty (60) days written notice.
2. DUTIES. Contractor agrees to contribute his best judgment and efforts to the rendering and furnishing of support services related to Corporate Relations for Employer. Contractor understand and agrees that assignments to be performed shall be directed by Richard C. Green, Jr. or Robert K. Green on behalf of Employer on an as-needed basis.
3. COMPENSATION. Upon signing of this Agreement, Employer will pay Contractor a retainer of \$115,200.00, payable in monthly installments of \$9,600.00, with the work performed each month invoiced to Employer at \$300.00 per hour up to \$115,200.00. All work performed by Contractor in excess of the \$115,200.00 retainer (and billed at the rate of \$300.00 per hour) shall be billed at a rate of \$200.00 per hour. The \$115,200.00 retainer is guaranteed by Employer to Contractor and shall not be reduced under any circumstances including the possibility that either or both parties hereto might terminate this Agreement during the first twelve (12) month period thereof. Contractor understands and agrees that, as a contract employee, he is responsible for his taxes and is not eligible for any employee benefits, except as defined in Exhibit A of his Severance Payment Agreement.

Employer shall pay all transportation on a first-class basis and other related expenses associated with the direct performance of work for Employer as a result of this Agreement. Contractor will keep detailed time records of work performed for Employer. Business mileage driven in Contractor's personal automobile shall be reimbursed at the rate of \$.28 per mile and must be properly itemized and documented on expense forms supplied by Employer.

Employer agrees to pay Contractor \$1,200.00 per month for one (1) year, separate and apart from the retainer of \$115,200.00, to lease a fully equipped and furnished, quality office space in the Kansas City area. Contractor will pay for his own staff and Employer will pay for all utilities, including telephone, if not included in the lease.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

UtiliCorp United Inc.

By: /s/ Richard C. Green, Jr. 09/28/93

Employer Date

By: /s/ Edward Muncaster 09/28/93

Contractor Date

U.S. \$200,000,000

CREDIT AGREEMENT

Dated as of December 13, 1993

Among

UTILICORP UNITED INC.

as BORROWER

THE BANKS NAMED HEREIN

as BANKS

and

CITIBANK, N.A.

as AGENT

[Three-Year Facility]

TABLE OF CONTENTS

SECTION -----		PAGE -----
ARTICLE I DEFINITIONS AND ACCOUNTING TERMS		
1.01.	CERTAIN DEFINED TERMS	1
1.02.	COMPUTATION OF TIME PERIODS	13
1.03.	ACCOUNTING TERMS	13

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

2.01.	THE CONTRACT ADVANCES	13
2.02.	MAKING THE CONTRACT ADVANCES	14
2.03.	THE AUCTION ADVANCES	15
2.04.	FEES	19
2.05.	REDUCTION OF THE COMMITMENTS	20
2.06.	REPAYMENT OF CONTRACT ADVANCES	22
2.07.	INTEREST ON CONTRACT ADVANCES	22
2.08.	ADDITIONAL INTEREST ON CONTRACT ADVANCES	22
2.09.	INTEREST RATE DETERMINATION	23
2.10.	VOLUNTARY CONVERSION OF CONTRACT ADVANCES	24
2.11.	PREPAYMENTS	25
2.12.	INCREASED COSTS	26
2.13.	ILLEGALITY	26
2.14.	PAYMENTS AND COMPUTATIONS	27
2.15.	TAXES	28
2.16.	SHARING OF PAYMENTS, ETC.	30
2.17.	EXTENSION OF TERMINATION DATE	31

ARTICLE III
CONDITIONS OF LENDING

3.01.	CONDITIONS PRECEDENT TO INITIAL ADVANCES	31
3.02.	CONDITIONS PRECEDENT TO EACH CONTRACT BORROWING	33
3.03.	CONDITIONS PRECEDENT TO EACH AUCTION BORROWING	33

SECTION -----		PAGE -----
------------------	--	---------------

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

4.01.	REPRESENTATIONS AND WARRANTIES OF THE BORROWER	34
-------	--	----

ARTICLE V
COVENANTS OF THE BORROWER

5.01.	AFFIRMATIVE COVENANTS.	36
5.02.	NEGATIVE COVENANTS	39

ARTICLE VI
EVENTS OF DEFAULT

6.01.	EVENTS OF DEFAULT.	41
-------	----------------------------	----

ARTICLE VII
THE AGENT

7.01.	AUTHORIZATION AND ACTION	43
7.02.	AGENT'S RELIANCE, ETC.	44
7.03.	CITIBANK AND AFFILIATES.	44
7.04.	LENDER CREDIT DECISION	45
7.05.	INDEMNIFICATION.	45
7.06.	SUCCESSOR AGENT.	45

ARTICLE VIII
MISCELLANEOUS

8.01.	AMENDMENTS, ETC.	46
8.02.	NOTICES, ETC..	47
8.03.	NO WAIVER; REMEDIES.	47
8.04.	COSTS AND EXPENSES; INDEMNIFICATION.	47
8.05.	RIGHT OF SET-OFF	48
8.06.	BINDING EFFECT	49
8.07.	ASSIGNMENTS AND PARTICIPATIONS	49

SECTION
- - - - -

iii
PAGE

8.08.	SUBMISSION TO JURISDICTION	52
8.09.	WAIVER OF JURY TRIAL	53
8.10.	GOVERNING LAW.	53
8.11.	EXECUTION IN COUNTERPARTS.	53

SCHEDULES

Schedule I - LIST OF APPLICABLE LENDING OFFICES

EXHIBITS

- Exhibit A-1 - FORM OF CONTRACT NOTE
- Exhibit A-2 - FORM OF AUCTION NOTE
- Exhibit B-1 - NOTICE OF A CONTRACT BORROWING
- Exhibit B-2 - NOTICE OF AN AUCTION BORROWING
- Exhibit C - ASSIGNMENT AND ACCEPTANCE
- Exhibit D-1 - FORM OF OPINION OF COUNSEL FOR THE BORROWER
- Exhibit D-2 - FORM OF OPINION OF REGULATORY COUNSEL FOR THE BORROWER
- Exhibit E - FORM OF OPINION OF SPECIAL NEW YORK
COUNSEL TO THE AGENT
- Exhibit F - FORM OF COMPLIANCE CERTIFICATE

CREDIT AGREEMENT

Dated as of December 13, 1993

UtiliCorp United Inc., a Delaware corporation (the "BORROWER"), the banks (the "BANKS") listed on the signature pages hereof and Citibank, N.A. ("CITIBANK") as agent (the "AGENT") for the Lenders hereunder, agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01.01 CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ADJUSTED CD RATE" means, for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing, an interest rate

PER ANNUM equal to the sum of:

(a) the rate PER ANNUM obtained by dividing (i) the rate of interest determined by the Agent to be the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the consensus bid rate determined by each of the Reference Banks for the bid rates PER ANNUM, at 9:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by such Reference Bank for the purchase at face value of certificates of deposit of such Reference Bank in an amount substantially equal to such Reference Bank's Adjusted CD Rate Advance made as part of such Contract Borrowing and with a maturity equal to such Interest Period, by (ii) a percentage equal to 100% minus the Adjusted CD Rate Reserve Percentage for such Interest Period, PLUS

(b) the Assessment Rate for such Interest Period.

2

The Adjusted CD Rate for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks on the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

"ADJUSTED CD RATE ADVANCE" means a Contract Advance that bears interest as provided in Section 2.07(b).

"ADJUSTED CD RATE RESERVE PERCENTAGE" for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of, or including, (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

"ADVANCE" means a Contract Advance or an Auction Advance.

"AFFILIATE" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and

such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Auction Advance.

"APPLICABLE MARGIN" means, on any date of determination, (i) for a Base Rate Advance, 0.00% PER ANNUM, (ii) for an Adjusted CD Rate Advance, 0.50% PER ANNUM, and (iii) for a Eurodollar Rate Advance, 0.375% PER ANNUM.

Notwithstanding the foregoing, each of the foregoing Applicable Margins applicable to Eurodollar Rate Advances and Adjusted CD Rate Advances shall be increased (on a non-cumulative basis) by (i) 0.125% PER ANNUM

3

in the event that, and at all times during which, either the Moody's Rating shall be lower than A3 or the S&P Rating shall be lower than A-, (ii) 0.1875% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than Baa2 or the S&P Rating shall be lower than BBB or (iii) 0.6875% PER ANNUM in the event that, and at all times during which, (A) either the Moody's Rating shall be lower than Baa3 or the S&P Rating shall be lower than BBB- or (B) the Borrower's senior unsecured indebtedness shall be unrated by both Moody's and S&P. The Applicable Margins shall be increased or decreased in accordance with this definition upon any change in the applicable ratings, and such increased or decreased Applicable Margins shall be effective from the date of announcement of such new Moody's Rating or S&P Rating, as the case may be. The Borrower agrees to notify the Agent promptly upon each change in the Moody's Rating or the S&P Rating.

In addition, each of the foregoing Applicable Margins applicable to Eurodollar Rate Advances and Adjusted CD Rate Advances shall be increased by 0.0625% PER ANNUM in the event that, and at all times during which, the aggregate amount of Advances outstanding equals or exceeds 25% of the aggregate amount of the Commitments.

"ASSESSMENT RATE" for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the annual assessment rate estimated by the Agent on the first day of such Interest Period for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"AUCTION ADVANCE" means an advance by a Lender to the Borrower as part of an Auction Borrowing resulting from the auction bidding procedure described in Section 2.03.

"AUCTION BORROWING" means a borrowing consisting of simultaneous Auction Advances from each of the Lenders whose offer to make one or more Auction Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

4

"AUCTION NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from an Auction Advance made by such Lender.

"AUCTION REDUCTION" has the meaning specified in Section 2.01.

"BASE RATE" means, for any period, a fluctuating interest rate PER ANNUM as shall be in effect from time to time which rate PER ANNUM shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) 1/2 of 1% PER ANNUM above the Federal Funds Rate in effect from time to time.

"BASE RATE ADVANCE" means a Contract Advance which bears interest as provided in Section 2.07(a).

"BORROWING" means a Contract Borrowing or an Auction Borrowing.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"CD LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "CD Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"CODE" means the Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder, each as amended, modified or supplemented from time to time, or any successor legislation.

"COMMITMENT" has the meaning specified in Section 2.01.

"CONSOLIDATED TANGIBLE NET WORTH" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and

unissued) and surplus (including earned surplus, capital surplus, translation adjustment and the balance of the current profit and loss account not transferred to surplus) accounts of the Borrower and its subsidiaries appearing on a consolidated balance sheet of the Borrower and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of financial statements referred to in Section 4.01(e), after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries and excluding (i) goodwill and other similar intangibles, (ii) deferred charges, (iii) all reserves carried and not deducted from assets, (iv) securities that are not readily marketable, (v) cash held in a sinking or another analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Debt, and (vi) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to December 31, 1990, each to be determined on a consolidated basis for the Borrower and its subsidiaries in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

"CONTRACT ADVANCE" means an advance by a Lender to the Borrower as part of a Contract Borrowing and refers to an Adjusted CD Rate Advance, a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "TYPE" of Contract Advance.

"CONTRACT BORROWING" means a borrowing consisting of simultaneous Contract Advances of the same Type made by each of the Lenders pursuant to Section 2.01 or Converted pursuant to Section 2.09 or 2.10.

"CONTRACT NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Contract Advances made by such Lender.

"CONVERT", "CONVERSION" and "CONVERTED" each refers to a conversion of Advances of one Type into Advances of another Type or the selection of a new, or the renewal of the same, Interest Period for Eurodollar Rate Advances or CD Rate Advances, as the case may be, pursuant to Section 2.09 or 2.10.

"DEBT" means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of the Borrower and its subsidiaries (i) for borrowed money or evidenced by bonds, indentures,

notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services, (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting

principles, recorded as capital leases, (iv) as lessee under operating leases for electrical generating units, aircraft, fleet vehicles or real property or any other operating lease having aggregate lease payment obligations of more than \$1,000,000, (v) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (vi) to pay rent or other amounts under leveraged leases entered into in connection with sale and leaseback transactions, (vii) under direct or indirect guaranties in respect of, and to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, liabilities, obligations or indebtedness of others of the kinds referred to in clauses (i) through (vi) above, and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA; PROVIDED, that in determining aggregate lease payment obligations for purposes of clause (iv) above and in determining the aggregate amount of Debt outstanding at any time for purposes of Section 5.01(b) (including, without limitation, the aggregate amount of Debt included in the calculation of "Total Capitalization"), such lease payment obligations and the liabilities, obligations and indebtedness described in clauses (iv) and (vi) above shall be calculated in accordance with Financial Accounting Standards Board Statement No. 13, as amended and interpreted from time to time, as though such lease payment obligations and such liabilities, obligations and indebtedness were recorded as arising under capital leases.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"ELIGIBLE ASSIGNEE" means (i) a commercial bank organized under the laws of the United States, or any State thereof; (ii) a commercial bank organized under the laws of any other country that is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (iii) a finance company, insurance company or other financial

7

institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business; or (iv) the central bank of any country that is a member of the OECD; PROVIDED, HOWEVER, that (A) any such Person shall also (x) have outstanding unsecured indebtedness that is rated A- or better by S&P or A3 or better by Moody's (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither of such corporations is in the business of rating unsecured indebtedness of entities engaged in such

businesses) or (y) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than \$100,000,000 (or its equivalent in foreign currency), and (B) any Person described in clause (ii), (iii) or (iv) above shall, on the date on which it is to become a Lender hereunder, be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 2.15(d)).

"ENVIRONMENTAL LAWS" means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA AFFILIATE" of a Person means any trade or business (whether or not incorporated) that is a member of a group of which such Person is a member and that is under common control with such Person within the meaning of Section 414 of the Code.

"ERISA PLAN" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

8

"ERISA TERMINATION EVENT" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from an ERISA Plan during a plan year in which the Borrower or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (v) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer any ERISA Plan.

"EUROCURRENCY LIABILITIES" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EURODOLLAR RATE" means, for any Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing, an interest rate PER ANNUM equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% PER ANNUM, if such average is not such a multiple) of the rate PER ANNUM at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England, to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance made as part of such Contract Borrowing and for a period equal to such Interest Period. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to, and received by, the Agent from the Reference Banks two Business Days before the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

9

"EURODOLLAR RATE ADVANCE" means a Contract Advance that bears interest as provided in Section 2.07(c).

"EURODOLLAR RATE RESERVE PERCENTAGE" of any Lender for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"EVENTS OF DEFAULT" has the meaning specified in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, and the regulations promulgated thereunder, in each case as amended and in effect from time to time.

"EXISTING FACILITY" means the Credit Agreement, dated as of March 28, 1991, among the Borrower, the lenders named therein, the co-managers named therein and Citibank, N.A., as agent for said lenders.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate PER ANNUM equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"INTENTION NOTICE" has the meaning specified in Section 2.05(c).

"INTEREST PERIOD" means, for each Contract Advance made as part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or the date of the Conversion of any Contract Advance into such a Contract Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and,

10

thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 30, 60 or 90 days in the case of an Adjusted CD Rate Advance, and 1, 2, or 3 months in the case of a Eurodollar Rate Advance, in each case as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; PROVIDED, HOWEVER, that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Contract Advances made as part of the same Contract Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, PROVIDED, in the case of any Interest Period for a Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"INVESTMENT COMPANY ACT" means the Investment Company Act of 1940, and the regulations promulgated thereunder, in each case as amended and in effect from time to time.

"LENDERS" means the Banks listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"MAJORITY LENDERS" means, at any time prior to the Termination Date, Lenders having at least 66-2/3% of the Commitments (without giving effect to any termination in whole of the Commitments pursuant to Section 2.05 or 6.01), and, at any time on or after the Termination Date, Lenders having at least 66-2/3% of the Advances outstanding (PROVIDED that, for purposes hereof, neither the Borrower nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders having such amount of the Commitments or the Advances or (ii) determining the total amount of the Commitments or the Advances).

11

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MOODY'S RATING" means, on any date of determination, the rating of the Borrower's senior unsecured indebtedness most recently announced by Moody's.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"NOTE" means a Contract Note or an Auction Note.

"NOTICE OF A CONTRACT BORROWING" has the meaning specified in Section 2.02(a).

"NOTICE OF AN AUCTION BORROWING" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development or any successor thereto.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association,

joint venture or other entity, or a government or any political subdivision or agency thereof.

"PROPOSAL NOTICE" has the meaning specified in Section 2.05(c).

"REFERENCE BANKS" means Citibank, The Chase Manhattan Bank, N.A. and CIBC Inc.

"REGISTER" has the meaning specified in Section 8.07(c).

"REPORTABLE EVENT" has the meaning assigned to that term in Title IV of ERISA.

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

12

"S&P RATING" means, on any date of determination, the rating of the Borrower's senior unsecured indebtedness most recently announced by S&P.

"SIGNIFICANT SUBSIDIARY" means any direct or indirect subsidiary of the Borrower having, on any date of determination or on any date during the 12-month period prior to such date of determination, total assets in excess of \$100,000,000 (with such determination to be made in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof) or in excess of 10% of Total Capitalization.

"SUBSIDIARY" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock (or comparable interest) of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one or more other subsidiaries). In the case of an unincorporated entity, a Person shall be deemed to have more than 50% of interests having ordinary voting power only if such Person's vote in respect of such interests comprises more than 50% of the total voting power of all such interests in the unincorporated entity.

"TERMINATION DATE" means the earlier to occur of (i) the third anniversary of the date of this Agreement or such later date to which the Termination Date is extended in accordance with Section 2.17, and (ii) the date of termination or reduction in whole of the Commitments pursuant to Section 2.05 or 6.01.

"TERMINATION NOTICE" has the meaning specified in Section 2.05(c).

"360-DAY CREDIT AGREEMENT" means that certain Credit Agreement, dated as of the date hereof, among the Borrower, the Banks and the Agent,

providing a 360-day revolving credit facility for the Borrower, as the same may be amended, supplemented or otherwise modified from time to time.

"TOTAL CAPITALIZATION" means the sum of (i) Debt of the Borrower and its subsidiaries, PLUS (ii) the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus, translation adjustment and the balance of the current profit and loss account not transferred to surplus)

13

accounts of the Borrower and its subsidiaries appearing on a consolidated balance sheet of the Borrower and its subsidiaries, in each case prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e), after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"YIELD" means, for any Auction Advance, the effective rate PER ANNUM at which interest on such Auction Advance is payable, computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

SECTION 1.02. COMPUTATION OF TIME PERIODS. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. THE CONTRACT ADVANCES. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "COMMITMENT"), PROVIDED that the aggregate amount of the Commitments of

the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Auction Advances then outstanding and such deemed use of the aggregate amount of the

14

Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being an "AUCTION REDUCTION"). Each Contract Borrowing shall be in an amount not less than \$1,000,000 or an integral multiple of \$500,000 in excess thereof and shall consist of Contract Advances of the same Type made or Converted on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.11 and reborrow under this Section 2.01.

SECTION 2.02 MAKING THE CONTRACT ADVANCES. (a) Each Contract Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Contract Borrowing, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof on such Business Day. Each such notice of a Contract Borrowing (a "NOTICE OF A CONTRACT BORROWING") shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Contract Borrowing, (ii) Type of Contract Advances to be made in connection with such Contract Borrowing, (iii) aggregate amount of such Contract Borrowing, and (iv) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, initial Interest Period for each such Contract Advance. Each Lender shall, before 12:00 noon (New York City time) on the date of such Contract Borrowing, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such Contract Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's aforesaid address.

(b) Anything in subsection (a) above to the contrary notwithstanding, the Borrower may not select Adjusted CD Rate Advances or Eurodollar Rate Advances for any Contract Borrowing if the Advance to be made by any Lender as part of such Contract Borrowing is less than \$1,000,000.

(c) Each Notice of a Contract Borrowing shall be irrevocable and binding on the Borrower. In the case of any Contract Borrowing that the related Notice of a Contract Borrowing specifies is to comprise Adjusted CD Rate Advances or Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of a Contract Borrowing for such Contract Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or

of deposits or other funds acquired by such Lender to fund the Contract Advance to be made by such Lender as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Contract Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Contract Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Contract Advances made in connection with such Contract Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Contract Advance to be made by such other Lender on the date of any Contract Borrowing.

(f) Notwithstanding anything to the contrary contained herein, no more than eight Contract Borrowings may be outstanding at any time.

SECTION 2.03. THE AUCTION ADVANCES. (a) Each Lender severally agrees that the Borrower may request Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Termination Date in the manner set forth below; PROVIDED that, following the making of each Auction Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any Auction Reduction).

(i) The Borrower may request an Auction Borrowing by delivering to the Agent (A) by telecopier, telex or cable, confirmed immediately in writing, a notice of an Auction Borrowing (a "NOTICE OF AN

AUCTION BORROWING"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed Auction Borrowing, the maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such Auction Borrowing or later than the day prior to the Termination Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Auction Borrowing, not later than 10:00 A.M. (New York City time) at least one Business Day prior to the date of the proposed Auction Borrowing and (B) payment in full to the Agent of the aggregate auction administration fee specified in Section 2.04(c) hereof. The Agent shall in turn promptly notify each Lender of each request for an Auction Borrowing received by it from the Borrower by sending such Lender on such Business Day a copy of the related Notice of an Auction Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Auction Advances to the Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) on the date of such proposed Auction Borrowing of the minimum amount and maximum amount of each Auction Advance that such Lender would be willing to make as part of such proposed Auction Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Commitment), the rate or rates of interest therefor, the interest period relating thereto (which interest period may not exceed 90 days) and such Lender's Applicable Lending Office with respect to such Auction Advance; PROVIDED that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Auction Advance as part of such Auction Borrowing; PROVIDED that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Auction Advance as part of such proposed Auction Borrowing.

(iii) The Borrower shall, in turn, before 11:00 A.M. (New York City time) on the date of such proposed Auction Borrowing, either

(A) cancel such Auction Borrowing by giving the Agent notice to

that effect, or

(B) irrevocably accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Agent of the amount of each Auction Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Auction Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such Auction Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect; PROVIDED, HOWEVER, that (x) the Borrower shall not accept an offer made pursuant to paragraph (ii) above, at any Yield if the Borrower shall have, or shall be deemed to have, rejected any other offer made pursuant to paragraph (ii) above, at a lower Yield, (y) if the Borrower declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Auction Borrowings offered at the same Yield pursuant to paragraph (ii) above, then the Borrower shall accept a PRO RATA portion of each offer made at such Yield, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by the Borrower to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or down to the next higher or lower multiple of \$1,000,000), and (z) no offer made pursuant to paragraph (ii) above shall be accepted unless the Auction Borrowing in respect of such offer is in an integral multiple of \$1,000,000 and the aggregate amount of such offers accepted by the Borrower is equal to at least \$10,000,000.

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the Borrower in accordance with this paragraph (iii) shall be deemed to have been rejected by the Borrower.

(iv) If the Borrower notifies the Agent that such Auction Borrowing is canceled pursuant to clause (A) of paragraph (iii) above, the Agent shall give prompt notice thereof to the Lenders and such Auction Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to clause (B) of paragraph (iii) above,

18

the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Auction Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make an Auction Advance as part of such Auction Borrowing of the amount of each Auction Advance to be made by

such Lender as part of such Auction Borrowing, and (C) each Lender that is to make an Auction Advance as part of such Auction Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make an Auction Advance as part of such Auction Borrowing shall, before 12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02 such Lender's portion of such Auction Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's aforesaid address. Promptly after each Auction Borrowing the Agent will notify each Lender of the amount of the Auction Borrowing, the consequent Auction Reduction and the dates upon which such Auction Reduction commenced and will terminate.

(b) Each Auction Advance shall be in an amount not less than \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Auction Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, PROVIDED that an Auction Borrowing shall not be made within three Business Days of the date of any other Auction Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender that has made an Auction Advance, or each other holder of an Auction Note, on the maturity date of each Auction Advance (such maturity date being that specified by the Borrower for repayment of such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above and provided in the Auction Note evidencing such Auction

19

Advance), the then unpaid principal amount of such Auction Advance. The Borrower shall have no right to prepay any principal amount of any Auction Advance unless, and then only on the terms, specified by the Borrower for such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above and set forth in the Auction Note evidencing such Auction Advance. Notwithstanding anything to the contrary contained herein or in any Auction Note, each Auction Advance shall be due and payable no later than 360 days following the date of such Auction Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of

each Auction Advance from the date of such Auction Advance to the date the principal amount of such Auction Advance is repaid in full, at the rate of interest for such Auction Advance specified by the Lender making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a) (ii) above, payable on the interest payment date or dates specified by the Borrower for such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above, as provided in the Auction Note evidencing such Auction Advance.

(f) The indebtedness of the Borrower resulting from each Auction Advance made to the Borrower as part of an Auction Borrowing shall be evidenced by a separate Auction Note of the Borrower payable to the order of the Lender making such Auction Advance.

SECTION 2.04. FEES. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on the average daily unused portion of such Lender's Commitment (after giving effect to any Auction Reduction) from the date hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period (commencing December 31, 1993) and on the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, at the rate of 0.1875% PER ANNUM; PROVIDED, HOWEVER, that such rate shall be increased (on a non-cumulative basis) by (i) 0.0125% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than A3 or the S&P Rating shall be lower than A-, (ii) 0.0625% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than Baa2 or the S&P Rating shall be lower than BBB or (iii) 0.25% PER ANNUM in the event that, and at all times during which, (A) either the Moody's Rating shall be lower than Baa3 or

20

the S&P Rating shall be lower than BBB- or (B) the Borrower's senior unsecured indebtedness shall be unrated by both Moody's and S&P.

(b) The Borrower agrees to pay to the Agent for the account of each Lender an auction facility fee on the average daily aggregate principal amount of Auction Advances outstanding during the period from the date hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period (commencing December 31, 1993) and on the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, at

the rate of 0.1875% PER ANNUM.

(c) The Borrower agrees to pay to the Agent for its own account an auction administration fee in the amount of \$3,500 in respect of each Auction Borrowing requested by the Borrower pursuant to Section 2.03(a)(i), payable on the date of such request.

SECTION 2.05. REDUCTION OF THE COMMITMENTS. (a) AT BORROWER'S OPTION. The Borrower shall have the right, upon at least two Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, PROVIDED that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Advances then outstanding and PROVIDED, FURTHER, that each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple thereof.

(b) MANDATORY. The respective Commitments of the Lenders shall automatically reduce ratably upon each disposition of assets or capital stock in excess of the 7.5% and 51% thresholds, respectively, described in Section 5.02(c) by an amount equal, in the aggregate, to the amount of consideration (as defined in Section 5.02(c)) received by the Borrower in respect of such assets or capital stock, as the case may be, but only to the extent that the disposition of such assets or capital stock, as the case may be, exceeds such thresholds; PROVIDED, HOWEVER, that no reduction in the Commitments shall occur as a result of any such disposition if on the date thereof, and after giving effect thereto, the total assets of the Borrower are equal to or greater than the total assets of the Borrower as of September 30, 1993, in each case as determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e); and PROVIDED FURTHER, HOWEVER, that each such Commitment reduction shall be made

21

PRO RATA among the Commitments hereunder and the "Commitments" under the 360-Day Credit Agreement, if any.

(c) AT LENDER'S OPTION. The Borrower shall give the Agent and each Lender at least twenty Business Days' notice (a "PROPOSAL NOTICE") of its intention to use the proceeds of any Borrowing hereunder directly or indirectly in connection with (i) the acquisition of in excess of 5% of any class of equity security that is registered pursuant to Section 12 of the Exchange Act, (ii) any transaction subject to the requirements of Section 13 of the Exchange Act or (iii) any transaction subject to the requirements of Section 14 of the Exchange Act with respect to which proxies, consents or authorizations, as the case may be, are being sought by any person (as defined in the Exchange Act) other than the majority of the board of directors of the issuer of the securities in respect of which such proxies, consents or authorizations are being sought. Any Lender may, within fifteen Business Days after receipt of such Proposal Notice from the Borrower, give notice (a "TERMINATION NOTICE") to the Agent and the

Borrower that such Lender has made a good faith determination that the use of proceeds described in such Proposal Notice, if funded by such Lender, would create a conflict of interest for such Lender (based upon the existence of commitments by such Lender to other parties in interest to such transaction, confidential information held by such Lender relating to such transaction or any other party in interest to such transaction or other similar circumstances that would reasonably prevent or prohibit a commercial financial institution from extending credit to the Borrower under such circumstances) or would otherwise violate a commercial lending policy of such Lender because of an existing customer relationship of such Lender or any of its Affiliates with the issuer of any such securities, and that, accordingly, such Lender elects to terminate its Commitment if the proceeds of such Borrowing will be used in such a manner. If no Termination Notice is received by the Borrower within fifteen Business Days after receipt by the Lenders of a Proposal Notice, the Borrower may apply the proceeds of the affected Borrowing in accordance with such Proposal Notice. If the Borrower receives a Termination Notice from any Lender within such fifteen Business Day period, the Borrower shall promptly thereafter notify the Agent and each of the Lenders (an "INTENTION NOTICE") whether it will use the proceeds of the affected Borrowing for the purposes specified in such Proposal Notice, and, if the proceeds will be used for such purposes, the Commitment of each Lender that delivered a Termination Notice shall terminate immediately upon receipt by such Lender of such Intention Notice. Upon such termination, the Borrower shall (i) immediately repay all of such Lender's outstanding Base Rate Advances, together with accrued interest thereon, (ii) repay all of such Lender's outstanding Adjusted CD Rate Advances and Eurodollar Rate Advances, together with accrued interest thereon, at the end of the respective Interest Periods applicable thereto and (iii) repay all of such Lender's outstanding Auction Advances, together with accrued interest thereon, at the respective

22

maturity dates therefor. All accrued fees with respect to such Lender's Commitment shall be payable on the date of receipt of the applicable Intention Notice.

SECTION 2.06. REPAYMENT OF CONTRACT ADVANCES. The Borrower shall repay the principal amount of each Contract Advance made by each Lender in accordance with the Contract Note to the order of such Lender. Notwithstanding anything to the contrary contained herein or in any Contract Note, each Contract Advance shall be due and payable no later than 360 days following the date of such Contract Advance.

SECTION 2.07. INTEREST ON CONTRACT ADVANCES. The Borrower shall pay interest on the unpaid principal amount of each Contract Advance made by each Lender from the date of such Contract Advance until such principal amount shall be paid in full, at the following rates PER ANNUM:

(a) BASE RATE ADVANCES. If such Contract Advance is a Base Rate Advance, a rate PER ANNUM equal at all times to the sum of the Base Rate in effect from time to time PLUS the Applicable Margin for such Base Rate in

effect from time to time, payable quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(b) ADJUSTED CD RATE ADVANCES. If such Contract Advance is an Adjusted CD Rate Advance, a rate PER ANNUM equal at all times during each Interest Period for such Contract Advance to the sum of the Adjusted CD Rate for such Interest Period PLUS the Applicable Margin for such Adjusted CD Rate in effect from time to time, payable on the last day of each Interest Period for such Adjusted CD Rate Advance and on the date such Adjusted CD Rate Advance shall be Converted or paid in full.

(c) EURODOLLAR RATE ADVANCES. Subject to Section 2.08, if such Contract Advance is a Eurodollar Rate Advance, a rate PER ANNUM equal at all times during each Interest Period for such Contract Advance to the sum of the Eurodollar Rate for such Interest Period PLUS the Applicable Margin for such Eurodollar Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Eurodollar Rate Advance and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

SECTION 2.08. ADDITIONAL INTEREST ON CONTRACT ADVANCES. The Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to

23

maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Contract Advance until such principal amount is paid in full, at an interest rate PER ANNUM equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Contract Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Contract Advance. Such additional interest shall be determined by such Lender and notified to the Borrower through the Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.09. INTEREST RATE DETERMINATION. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of

Section 2.07(a), (b) or (c), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.07(b) or (c).

(c) If fewer than two Reference Banks furnish timely information to the Agent for determining the Adjusted CD Rate for any Adjusted CD Rate Advances, or the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert Contract Advances into, Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be, shall be suspended until the Agent shall

24

notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Adjusted CD Rate Advances or any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of

Contract Advances made in connection with any Contract Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$10,000,000, such Contract Advances shall, if they are Advances of a Type other than Base Rate Advances, automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such Contract Advances into Advances of a Type other than Base Rate Advances shall terminate; PROVIDED, HOWEVER, that if and so long as each such Contract Advance shall be of the same Type and have the same Interest Period as Contract Advances made in connection with another Contract Borrowing or other Contract Borrowings, and the aggregate unpaid principal amount of all such Contract Advances shall equal or exceed \$10,000,000, the Borrower shall have the right to continue all such Contract Advances as, or to Convert all such Contract Advances into, Advances of such Type having such Interest Period.

SECTION 2.10. VOLUNTARY CONVERSION OF CONTRACT ADVANCES. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the

25

date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, Convert all Contract Advances of one Type made in connection with the same Contract Borrowing into Advances of another Type; PROVIDED, HOWEVER, that any Conversion of, or with respect to, any Adjusted CD Rate Advances or Eurodollar Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such Adjusted CD Rate Advances or Eurodollar Rate Advances, unless the Borrower shall also reimburse the Lenders in respect thereof pursuant to Section 8.04(b) on the date of such Conversion; and PROVIDED FURTHER, HOWEVER, that if, on the date of any proposed Conversion, any Event of Default or event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both shall have occurred and be continuing, all Contract Advances subject to such proposed Conversion shall, on such date, automatically Convert into, or remain as, as the case may be, Base Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Contract Advances to be Converted, and (iii) if such Conversion is into, or with respect to, Adjusted CD Rate Advances or Eurodollar Rate Advances, the duration of the Interest Period for each such Contract Advance.

SECTION 2.11. PREPAYMENTS. (a) OPTIONAL. The Borrower may, upon at least two Business Days' notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Contract Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; PROVIDED, HOWEVER, that (i) each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 and (ii) in the case of any such prepayment of an Adjusted CD Advance or Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to

Section 8.04(b) on the date of such prepayment.

(b) MANDATORY. Upon each disposition of assets or capital stock described in Section 5.02(c), the Agent shall apply amounts received from the Borrower pursuant to clause (B) of Section 5.02(c) to the prepayment of Advances outstanding hereunder in the following order of priority:

FIRST, to the prepayment in whole or ratably in part of the principal amount of all outstanding Contract Advances together with accrued interest to the date of such prepayment on the principal amount prepaid, and

SECOND, to the prepayment in whole or ratably in part of the principal amount of outstanding Auction Advances together with accrued interest to the date of such prepayment on the principal amount prepaid, in the order of their maturities.

26

SECTION 2.12. INCREASED COSTS. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances, included in the Adjusted CD Rate Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances, Eurodollar Rate Advances or any other Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type or the Advances, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall immediately pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder or the Advances made by such Lender. A certificate as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes,

absent manifest error.

SECTION 2.13. ILLEGALITY. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith

27

prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Advances of another Type in accordance with Section 2.10.

SECTION 2.14. PAYMENTS AND COMPUTATIONS. (a) The Borrower shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at its address referred to in Section 8.02 in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment and auction facility fees ratably (other than amounts payable pursuant to Section 2.02(c), 2.03, 2.08, 2.12, 2.15 or 8.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under any Note held by such Lender, to charge from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Federal Funds Rate and of commitment fees, auction facility fees and

interest payable on Auction Advances shall be made by the Agent, and all computations of interest pursuant to Section 2.08 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.08, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

28

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; PROVIDED, HOWEVER, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(f) Notwithstanding anything to the contrary contained herein, any amount payable by the Borrower hereunder or under any Note that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest from the date when due until paid in full at a rate PER ANNUM equal at all times to the Base Rate plus 2%, payable upon demand.

SECTION 2.15. TAXES. (a) Any and all payments by the Borrower hereunder or under the Contract Notes shall be made, in accordance with Section 2.14, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, EXCLUDING, in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions,

charges, withholdings and liabilities being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all

29

required deductions (including deductions applicable to additional sums payable under this Section 2.15) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "OTHER TAXES").

(c) The Borrower will indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Prior to the date of the initial Borrowing in the case of each Bank, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter if requested by the Borrower or the Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Agent and the Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under the Notes. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Agent and the Borrower in writing to that effect. Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrower or the Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States.

(e) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 shall use its best efforts (consistent with its internal

Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(f) If the Borrower makes any additional payment to any Lender pursuant to this Section 2.15 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge solely as a result of any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.15, such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to the Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If such Lender later determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.15(f), the Borrower shall upon demand of such Lender promptly repay the amount of such overpayment. Any determination made by such Lender pursuant to this Section 2.15(f) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.15(f) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of any Lender.

(g) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.15 shall survive the payment in full of principal and interest hereunder and under the Notes.

SECTION 2.16. SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Contract Advances made by it (other than pursuant to Section 2.02(c), 2.08, 2.12, 2.15 or 8.04(b)) in excess of its ratable share of payments on account of the Contract Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Contract Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, PROVIDED, HOWEVER, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of

such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. EXTENSION OF TERMINATION DATE. At least 90 but not more than 120 days prior to the then-scheduled Termination Date, the Borrower may (on no more than two such occasions) request the Lenders, by written notice to the Agent, to consent to a one-year extension of the Termination Date. Each Lender shall, in its sole discretion, determine whether to consent to such request and shall notify the Agent of its determination within 60 days of such Lender's receipt of notice of such request. If such request shall have been consented to by all the Lenders, the Agent shall notify the Borrower in writing of such consent, and such extension shall become effective upon the delivery by the Borrower to the Agent and each Lender, on or prior to the then-scheduled Termination Date, of (i) a certificate of a duly authorized officer of the Borrower, dated such date, as to the accuracy, both before and after giving effect to such proposed extension, of the representations and warranties set forth in Section 4.01 and as to the absence, both before and after giving effect to such proposed extension, of any Event of Default or event that with the giving of notice or the passage of time or both would constitute an Event of Default and (ii) an opinion of counsel to the Borrower as to the extension of the Termination Date and such other matters as any Lender, through the Agent, may reasonably request.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. CONDITIONS PRECEDENT TO INITIAL ADVANCES. The obligation of each Lender to make its initial Advance is subject to the satisfaction, prior to or concurrently with the making of such initial Advance, of each of the following conditions precedent:

(a) DOCUMENTS AND OTHER AGREEMENTS. The Agent shall have received on or before the day of the initial Borrowing the following, each dated

the same date, in form and substance satisfactory to the Agent and (except for the Notes) with one copy for each Lender:

(i) The Contract Notes payable to the order of each of the Lenders, respectively;

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the issuance of the Notes, and of all documents evidencing other necessary corporate action with respect to this Agreement and the Notes;

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder; (B) that attached thereto are true and correct copies of the Certificate of Incorporation and the By-laws of the Borrower, in each case in effect on such date; and (C) that attached thereto are true and correct copies of all governmental and regulatory authorizations and approvals required for the due execution, delivery and performance of this Agreement and the Notes;

(iv) A favorable opinion of Blackwell, Sanders, Matheny, Weary & Lombardi, counsel for the Borrower, substantially in the form of Exhibit D-1 hereto and as to such other matters as any Lender through the Agent may reasonably request;

(v) Favorable opinions of special regulatory counsel for the Borrower, each substantially in the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Agent may reasonably request;

(vi) A favorable opinion of King & Spalding, counsel for the Agent, substantially in the form of Exhibit E hereto;

(vii) Federal Reserve Form U-1 provided for in Regulation U issued by the Board of Governors of the Federal Reserve System, the statements made in which shall be such as to permit the transactions contemplated hereby in accordance with said Regulation U; and

(viii) An irrevocable notice from the Borrower requesting termination of the "COMMITMENTS" under the Existing Facility effective automatically on the date hereof upon the satisfaction (or waiver) of the other conditions precedent set forth in this Section 3.01.

33

(b) PAYMENT OF FEES. The Borrower shall have paid all fees under or referenced in Section 2.04 and any arrangement fees payable to the Agent, to the extent then due and payable.

SECTION 3.02. CONDITIONS PRECEDENT TO EACH CONTRACT BORROWING. The obligation of each Lender to make a Contract Advance on the occasion of each Contract Borrowing (including the initial Contract Borrowing) shall be subject

to the further conditions precedent that on the date of such Contract Borrowing (i) the following statements shall be true (and each of the giving of the applicable Notice of a Contract Borrowing and the acceptance by the Borrower of the proceeds of such Contract Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Contract Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01 are correct on and as of the date of such Contract Borrowing, before and after giving effect to such Contract Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) No event has occurred and is continuing, or would result from such Contract Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

and (ii) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. CONDITIONS PRECEDENT TO EACH AUCTION BORROWING. The obligation of each Lender that is to make an Auction Advance on the occasion of an Auction Borrowing (including the initial Auction Borrowing) to make such Auction Advance as part of such Auction Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of an Auction Borrowing with respect thereto, (ii) on or before the date of such Auction Borrowing, but prior to such Auction Borrowing, the Agent shall have received an Auction Note payable to the order of such Lender for each of the Auction Advances to be made by such Lender as part of such Auction Borrowing, in a principal amount equal to the principal amount of the Auction Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Auction Advance in accordance with Section 2.03, and (iii) on the date of such Auction Borrowing the following statements shall be true (and each of the giving of the applicable Notice of an Auction Borrowing and the acceptance by the Borrower of the proceeds of such Auction Borrowing shall

34

constitute a representation and warranty by the Borrower that on the date of such Auction Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01 are correct on and as of the date of such Auction Borrowing, before and after giving effect to such Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(B) No event has occurred and is continuing, or would result from such Auction Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of

Default but for the requirement that notice be given or time elapse or both.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower represents and warrants as follows:

(a) Each of the Borrower and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business as a foreign corporation in each jurisdiction in which the nature of the business conducted or the property owned, operated or leased by it requires such qualification, except where failure to so qualify would not materially adversely affect its condition (financial or otherwise), operations, business, properties, or prospects.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws, (ii) law or (iii) any contractual or legal restriction binding on or affecting the Borrower or its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement is, and the Notes when delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The balance sheet of the Borrower and its subsidiaries as at December 31, 1992, and the related statements of income, retained earnings and cash flows of the Borrower and its subsidiaries for the fiscal year then ended, certified by Arthur Andersen, and the unaudited balance sheet of the Borrower and its subsidiaries as at September 30, 1993 and the related unaudited statements of income, retained earnings and cash flows for the nine-month period then ended, copies of which have been furnished to each Bank, fairly present (subject, in the case of such balance sheet and statements of income for the nine-month period ended September 30, 1993, to year-end adjustments) the financial condition of the Borrower and its subsidiaries as at such dates and the results of the operations of the

Borrower and its subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied, and since December 31, 1992, there has been no material adverse change in the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or any of its subsidiaries as reflected in such financial statements.

(f) There is no pending or threatened action or proceeding affecting the Borrower or any of its Significant Subsidiaries before any court, governmental agency or arbitrator that could reasonably be expected to materially adversely affect the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or any Significant Subsidiary or that purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note.

(g) No proceeds of any Advance have been or will be used directly or indirectly in connection with (i) the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act, (ii) any transaction subject to the requirements of Section 13 of the Exchange Act or (iii) any transaction subject to the requirements of Section 14 of the Exchange Act, except in compliance with the provisions of Section 2.05(c) hereof.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and, except as contemplated by Section 2.05(c), no proceeds of any Advance will be used to purchase or carry any margin

36

stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Borrower and its subsidiaries is, on the date hereof, represented by margin stock.

(i) The Borrower (i) is not a "public utility holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, and (ii) is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, or an "investment advisor" within the meaning of the Investment Company Act.

(j) No ERISA Termination Event has occurred, or is reasonably expect to occur, with respect to any ERISA Plan that may materially and adversely affect the condition (financial or otherwise), operations, business, properties or prospects of the Borrower and its subsidiaries, taken as a whole.

(k) No proceeds of any Advance have been or will be used directly or indirectly for any purpose that entails a violation of, or that is

inconsistent with, the provisions of Regulation G, T, U, or X of the Board of Governors of the Federal Reserve System.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. AFFIRMATIVE COVENANTS. So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, and, in the case of Sections 5.01(a) and 5.01(d), will cause its subsidiaries to, unless the Majority Lenders shall otherwise consent in writing:

(a) KEEP BOOKS; CORPORATE EXISTENCE; MAINTENANCE OF PROPERTIES; COMPLIANCE WITH LAWS; INSURANCE; TAXES.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and are necessary to carry on its business;

(iv) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or its property, except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws; and

(v) maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which it operates.

(b) DEBT TO TOTAL CAPITALIZATION RATIO. Maintain at all times a ratio of Debt to Total Capitalization of not more than .65 to 1.0.

(c) CONSOLIDATED TANGIBLE NET WORTH. Maintain at all times Consolidated Tangible Net Worth of not less than \$400,000,000.

37

(d) USE OF PROCEEDS. Use the proceeds of any Borrowings hereunder (i) exclusively for general corporate purposes, including working capital requirements, support for its commercial paper programs and acquisitions of energy-related assets or Persons strictly in accordance with the provisions set forth in Sections 2.05(c) and 4.01(k) and (ii) in strict compliance with all applicable laws and governmental and regulatory approvals.

(e) REPORTING REQUIREMENTS. Furnish to the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, (A) consolidated balance sheet of the Borrower and its subsidiaries as of the end of such quarter and (B) consolidated statements of income, retained earnings and cash flows of the Borrower and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with

38

the end of such quarter, each certified by the chief financial officer of the Borrower;

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower and its subsidiaries, containing unqualified consolidated financial statements for such year, certified by Arthur Andersen or another nationally recognized firm of independent public accountants;

(iii) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower and within 120 days after the end of the fiscal year of the Borrower, a certificate of the chief financial officer of the Borrower, substantially in the form of Exhibit F hereto, (A) demonstrating, in reasonable detail and with supporting calculations, compliance with the financial covenants set forth in Sections 5.01(b) and (c) hereof and (B) stating that no Event of Default and no event that, with the giving of notice or lapse of time or both, will constitute an Event of Default has occurred and is continuing, or if an Event of Default or such event has occurred and is continuing, a statement setting forth details of such Event of Default or event and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) as soon as possible and in any event within five days after the occurrence of each Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of

such Event of Default or event and the actions that the Borrower has taken and proposes to take with respect thereto;

(v) as soon as possible and in any event within five days after the commencement of litigation against the Borrower or any of its subsidiaries, or the receipt of a notice of default by the Borrower or any of its subsidiaries, that could reasonably be expected to have a material adverse effect on the Borrower or any of its subsidiaries, notice of such litigation or notice of default describing in reasonable detail the facts and circumstances concerning such litigation or default and the Borrower's or such subsidiary's proposed actions in connection therewith;

39

(vi) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securities holders, and copies of all reports and registration statements which the Borrower or any subsidiary files with the Securities and Exchange Commission or any national securities exchange; and

(vii) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 5.02. NEGATIVE COVENANTS So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Lenders:

(A) LIENS, ETC. Create or suffer to exist any lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign any right to receive income, in each case to secure or provide for the payment of any Debt, other than (i) liens securing Debt of the Borrower not in excess of \$50,000,000 in the aggregate outstanding at any time, (ii) liens created pursuant to the First Mortgage Indenture dated January 1, 1946, as supplemented, and the General Mortgage Indenture and Deed of Trust dated September 15, 1988, (iii) liens created by purchase money mortgages or other security interests upon or in any property acquired or held (including, without limitation, as lessee) by the Borrower in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition or leasing of such property, (iv) liens and security interests that may be required to be granted on accounts receivable in connection with any sale thereof, (v) liens or security interests existing on such property at the time of its acquisition (other than any such lien or security interest created in contemplation of such acquisition) and (vi) extensions and renewals of any lien or security

interest described in clauses (i) through (v) above, PROVIDED that (A) any such extension or renewal shall be limited to the property theretofore subject to such lien or security interest and (B) the principal amount of the Debt secured by such lien or security interest shall not be increased.

(b) MERGERS AND CONSOLIDATIONS. Merge or consolidate with or into any Person, or permit any of its subsidiaries to do so, except (i) any subsidiary of the Borrower may merge or consolidate with or into any

40

other subsidiary of the Borrower and (ii) any subsidiary of the Borrower may merge with the Borrower and (iii) the Borrower or any subsidiary of the Borrower may merge with any other Person, PROVIDED in each case that, immediately after giving effect to such proposed transaction, (A) no Event of Default or event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default would exist, (B) in the case of any such transaction to which the Borrower is a party, the Borrower is the surviving corporation, (C) the ratings assigned by S&P or Moody's to the Borrower's senior unsecured indebtedness shall not be lower than the ratings assigned by S&P or Moody's to the Borrower's senior unsecured indebtedness immediately prior to giving effect to such proposed transaction, (D) in the case of any such transaction to which any subsidiary of the Borrower is a party, the surviving corporation is a subsidiary of the Borrower, and (E) no Person (other than the Borrower) and its Affiliates, collectively, shall have the ability to elect a majority of the board of directors of the Borrower or any such subsidiary or surviving corporation.

(c) DISPOSITION OF ASSETS. In any 12-month period, (i) sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) in excess of 7.5% of the total assets (whether now owned or hereafter acquired, EXCLUDING, HOWEVER, accounts receivable of the Borrower) of the Borrower and its subsidiaries (with such determination to be made in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e)), or permit any subsidiary to do so, or (ii) sell or otherwise dispose of (whether in one transaction or in a series of transactions) in excess of 51% of the shares of capital stock of any Significant Subsidiary, or permit any Significant Subsidiary to issue, sell or otherwise dispose of in excess of 51% of its shares of capital stock or the capital stock of any other Significant Subsidiary, except to the Borrower or another subsidiary, unless in either case described in clauses (i) and (ii) above, (A) the consideration (as hereinafter defined) received for such assets or capital stock, as the case may be, is at least equal to the higher of the book value and the fair value (as determined in good faith by the board of directors of the Borrower) thereof, and (B) such consideration (to the extent that it relates to the disposition of assets or capital stock, as the case may be, in excess of the 7.5% and 51% thresholds, respectively) is delivered

immediately to the Agent to be applied in accordance with Section 2.11(b) to the prepayment of Advances then outstanding, together with accrued interest to the date of such prepayment and any other amounts payable hereunder, with the remainder, if any, to be returned to the Borrower; PROVIDED, HOWEVER, that each such prepayment shall be applied

41

PRO RATA to the Advances then outstanding hereunder and the "Advances" then outstanding under the 360-Day Credit Agreement, if any. As used in this Section 5.02(c), the term "consideration" shall mean cash consideration or the fair value of non-cash consideration (as determined in good faith by the board of directors of the Borrower).

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. EVENTS OF DEFAULT. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable, or interest thereon or any other amount payable under this Agreement or any of the Notes within two days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(b), (c) or (d) or Section 5.02 or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any Significant Subsidiary shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount in excess of \$10,000,000 in the aggregate (but excluding Debt evidenced by the Notes) of the Borrower or such Significant Subsidiary (as the case may be) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any

such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize or to consent to any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Borrower or any of its Significant Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) An ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall fail to maintain the minimum funding standards required by Section 412 of the Code for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Code, or (ii) an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) the Borrower or any ERISA Affiliate of the Borrower has incurred or will incur a liability to

or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then-present value of such ERISA Plan's vested benefits exceeds the then-current value of assets accumulated in such ERISA Plan by more than the amount of \$10,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount);

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; PROVIDED, HOWEVER, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower or any of its subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENT

SECTION 7.01. AUTHORIZATION AND ACTION. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not

be required to exercise any discretion or take any action, but shall be required

to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; PROVIDED, HOWEVER, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. AGENT'S RELIANCE, ETC. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CITIBANK AND AFFILIATES. With respect to its Commitment, the Advances made by it and the Notes issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary, all as

if Citibank were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. LENDER CREDIT DECISION. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. INDEMNIFICATION. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Contract Notes then held by each of them (or if no Contract Notes are at the time outstanding or if any Contract Notes are held by Persons which are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, PROVIDED that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are reimbursable by the Borrower but for which the Agent is not reimbursed by the Borrower.

SECTION 7.06. SUCCESSOR AGENT. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf

of the Lenders, appoint a successor Agent, which shall be a commercial bank described in clause (i) or (ii) of the definition of "Eligible Assignee" and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring

Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. Notwithstanding the foregoing, if no Event of Default, and no event that with the giving of notice or the passage of time, or both, would constitute an Event of Default, shall have occurred and be continuing, then no successor Agent shall be appointed under this Section 7.06 without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement or the Contract Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; PROVIDED, HOWEVER, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is the Borrower or an Affiliate of the Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and PROVIDED, FURTHER, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

47

SECTION 8.02. NOTICES, ETC. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 3000 Commerce Tower, 911 Main Street, Kansas City, Missouri 64105, Attention: Vice President, Finance; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention: Utilities Department, North American Finance Group; or,

as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II or VII shall not be effective until received by the Agent.

SECTION 8.03. NO WAIVER; REMEDIES. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. COSTS AND EXPENSES; INDEMNIFICATION. (a) Except to the extent limited by written agreement between the Borrower and the Agent on or prior to the date hereof, the Borrower agrees to pay on demand all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution, delivery, syndication, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses of outside counsel and of internal counsel), incurred by the Agent and the Lenders in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or Conversion of, any Adjusted CD Rate Advance or Eurodollar Rate Advance is made other than on

48

the last day of the Interest Period for such Contract Advance, as a result of a payment or Conversion pursuant to Section 2.09(f), 2.10 or 2.13 or acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or any payment of principal of any Auction Advance is made other than on the maturity date thereto, the Borrower shall, upon demand by any Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Contract Advance or Auction Advance, as the case may be.

(c) The Borrower hereby agrees to indemnify and hold each Lender, the Agent and their respective Affiliates and their respective officers, directors, employees and professional advisors (each, an "INDEMNIFIED PERSON") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including, without limitation, reasonable counsel fees and expenses of outside counsel and of internal counsel, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any Person by reason of or in connection with the execution, delivery or performance of this Agreement, the Notes or any transaction contemplated thereby, or the use by the Borrower or any of its subsidiaries of the proceeds of any Advance. The Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 8.04(c) are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05. RIGHT OF SET-OFF. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each

49

Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender, PROVIDED that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. ASSIGNMENTS AND PARTICIPATIONS. (a) Each Lender may

assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Contract Advances owing to it and the Contract Note or Notes held by it); PROVIDED, HOWEVER, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any Auction Advances or Auction Notes), (ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000 and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Contract Note or Notes subject to such assignment and a processing and recordation fee of \$2,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time assign all or any portion of the Advances owing to it to any Affiliate of such

50

Lender. No such assignment, other than to an Eligible Assignee, shall release the assigning Lender from its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such

Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Contract Advances owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

51

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Contract Note or Contract Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Contract Note or Notes a new Contract Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Contract Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Contract Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Contract Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any Auction Note or Notes held by it.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment,

the Advances owing to it and the Note or Notes held by it); PROVIDED, HOWEVER, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, and (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

52

(h) If any Lender shall make any demand for payment under Section 2.12(b), then within 30 days after any such demand (if, but only if, such demanded payment has been made by the Borrower to such Lender), the Borrower may, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both shall then have occurred and be continuing, demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower all (but not less than all) of such Lender's Commitment and the Advances owing to it within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods, if any, for such Advances. If any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Lender's Commitment or Advances, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (h) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by the Borrower, if such Eligible Assignee (i) shall agree to such assignment by entering into an Assignment and Acceptance with such Lender and (ii) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under the Note made by the Borrower to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above and payable by the Borrower as a condition to the Borrower's right to demand such assignment), or otherwise.

(i) Anything in this Section 8.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the

Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

SECTION 8.08. SUBMISSION TO JURISDICTION Each of the Borrower, the Lenders and the Agent (i) irrevocably submits to the non-exclusive jurisdiction of any New York State court or Federal court sitting in New York City in any action arising out of this Agreement or the Notes, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum and (iv) consents to the service of process by mail. A final judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein

53

shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

SECTION 8.09. WAIVER OF JURY TRIAL THE BORROWER, THE AGENT AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION 8.10. GOVERNING LAW. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 8.11. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UTILICORP UNITED INC.

By /s/ Dale J. Wolf

Name: Dale J. Wolf
Title: Vice President/Finance

CITIBANK, N.A.,
as Agent

By

Name:
Vice President

[EXECUTION COPY]

U.S. \$200,000,000

CREDIT AGREEMENT

DATED AS OF DECEMBER 13, 1993

AMONG

UTILICORP UNITED INC.

AS BORROWER

THE BANKS NAMED HEREIN

AS BANKS

AND

CITIBANK, N.A.

AS AGENT

[360-DAY FACILITY]

TABLE OF CONTENTS

SECTION	PAGE
ARTICLE I	
DEFINITIONS AND ACCOUNTING TERMS	
1.01. CERTAIN DEFINED TERMS.....	1
1.02. COMPUTATION OF TIME PERIODS.....	12
1.03. ACCOUNTING TERMS.....	13

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

2.01. THE CONTRACT ADVANCES.....	13
2.02. MAKING THE CONTRACT ADVANCES.....	13
2.03. THE AUCTION ADVANCES.....	15
2.04. FEES.....	18
2.05. REDUCTION OF THE COMMITMENTS.....	19
2.06. REPAYMENT OF CONTRACT ADVANCES.....	21
2.07. INTEREST ON CONTRACT ADVANCES.....	21
2.08. ADDITIONAL INTEREST ON CONTRACT ADVANCES.....	21
2.09. INTEREST RATE DETERMINATION.....	22
2.10. VOLUNTARY CONVERSION OF CONTRACT ADVANCES.....	23
2.11. PREPAYMENTS.....	24
2.12. INCREASED COSTS.....	24
2.13. ILLEGALITY.....	25
2.14. PAYMENTS AND COMPUTATIONS.....	26
2.15. TAXES.....	27
2.16. SHARING OF PAYMENTS, ETC.....	29
2.17. EXTENSION OF TERMINATION DATE.....	29

ARTICLE III
CONDITIONS OF LENDING

3.01. CONDITIONS PRECEDENT TO INITIAL ADVANCES.....	30
3.02. CONDITIONS PRECEDENT TO EACH CONTRACT BORROWING....	31
3.03. CONDITIONS PRECEDENT TO EACH AUCTION BORROWING....	32

ARTICLE IV
 REPRESENTATIONS AND WARRANTIES

4.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER..... 33

ARTICLE V
 COVENANTS OF THE BORROWER

5.01. AFFIRMATIVE COVENANTS..... 35
 5.02. NEGATIVE COVENANTS..... 37

ARTICLE VI
 EVENTS OF DEFAULT

6.01. EVENTS OF DEFAULT..... 39

ARTICLE VII
 THE AGENT

7.01. AUTHORIZATION AND ACTION..... 42
 7.02. AGENT'S RELIANCE, ETC..... 42
 7.03. CITIBANK AND AFFILIATES..... 43
 7.04. LENDER CREDIT DECISION..... 43
 7.05. INDEMNIFICATION..... 43
 7.06. SUCCESSOR AGENT..... 44

ARTICLE VIII
 MISCELLANEOUS

8.01. AMENDMENTS, ETC..... 44
 8.02. NOTICES, ETC..... 45
 8.03. NO WAIVER; REMEDIES..... 45
 8.04. COSTS AND EXPENSES; INDEMNIFICATION..... 45
 8.05. RIGHT OF SET-OFF..... 46
 8.06. BINDING EFFECT..... 47
 8.07. ASSIGNMENTS AND PARTICIPATIONS..... 47
 8.08. SUBMISSION TO JURISDICTION..... 50

8.09.	WAIVER OF JURY TRIAL.....	51
8.10.	GOVERNING LAW.....	51
8.11.	EXECUTION IN COUNTERPARTS.....	51

SCHEDULES

Schedule I - LIST OF APPLICABLE LENDING OFFICES

EXHIBITS

- Exhibit A-1 - FORM OF CONTRACT NOTE
- Exhibit A-2 - FORM OF AUCTION NOTE
- Exhibit B-1 - NOTICE OF A CONTRACT BORROWING
- Exhibit B-2 - NOTICE OF AN AUCTION BORROWING
- Exhibit C - ASSIGNMENT AND ACCEPTANCE
- Exhibit D-1 - FORM OF OPINION OF COUNSEL FOR THE BORROWER
- Exhibit D-2 - FORM OF OPINION OF REGULATORY COUNSEL FOR THE BORROWER
- Exhibit E - FORM OF OPINION OF SPECIAL NEW YORK
COUNSEL TO THE AGENT
- Exhibit F - FORM OF COMPLIANCE CERTIFICATE

CREDIT AGREEMENT

Dated as of December 13, 1993

UtiliCorp United Inc., a Delaware corporation (the "BORROWER"), the banks (the "BANKS") listed on the signature pages hereof and Citibank, N.A. ("CITIBANK") as agent (the "AGENT") for the Lenders hereunder, agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ADJUSTED CD RATE" means, for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing, an interest rate PER ANNUM equal to the sum of:

a) the rate PER ANNUM obtained by dividing (i) the rate of interest determined by the Agent to be the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the consensus bid rate determined by each of the Reference Banks for the bid rates PER ANNUM, at 9:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by such Reference Bank for the purchase at face value of certificates of deposit of such Reference Bank in an amount substantially equal to such Reference Bank's Adjusted CD Rate Advance made as part of such Contract Borrowing and with a maturity equal to such Interest Period, by (ii) a percentage equal to 100% minus the Adjusted CD Rate Reserve Percentage for such Interest Period, PLUS

(b) the Assessment Rate for such Interest Period.

2

The Adjusted CD Rate for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks on the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

"ADJUSTED CD RATE ADVANCE" means a Contract Advance that bears interest as provided in Section 2.07(b).

"ADJUSTED CD RATE RESERVE PERCENTAGE" for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of, or including, (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

"ADVANCE" means a Contract Advance or an Auction Advance.

"AFFILIATE" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Auction Advance.

"APPLICABLE MARGIN" means, on any date of determination, (i) for a Base Rate Advance, 0.00% PER ANNUM, (ii) for an Adjusted CD Rate Advance, 0.4375% PER ANNUM, and (iii) for a Eurodollar Rate Advance, 0.3125% PER ANNUM.

Notwithstanding the foregoing, each of the foregoing Applicable Margins applicable to Eurodollar Rate Advances and Adjusted CD Rate Advances shall be increased (on a non-cumulative basis) by (i) 0.125% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than A3 or the S&P Rating shall be lower than A-

3

(ii) 0.1875% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than Baa2 or the S&P Rating shall be lower than BBB or (iii) 0.625% PER ANNUM in the event that, and at all times during which, (A) either the Moody's Rating shall be lower than Baa3 or the S&P Rating shall be lower than BBB- or (B) the Borrower's senior unsecured indebtedness shall be unrated by both Moody's and S&P. The Applicable Margins shall be increased or decreased in accordance with this definition upon any change in the applicable ratings, and such increased or decreased Applicable Margins shall be effective from the date of announcement of such new Moody's Rating or S&P Rating, as the case may be. The Borrower agrees to notify the Agent promptly upon each change in the Moody's Rating or the S&P Rating.

In addition, each of the foregoing Applicable Margins applicable to Eurodollar Rate Advances and Adjusted CD Rate Advances shall be increased by 0.0625% PER ANNUM in the event that, and at all times during which, the aggregate amount of Advances outstanding equals or exceeds 25% of the aggregate amount of the Commitments.

"ASSESSMENT RATE" for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the annual assessment rate estimated by the Agent on the first day of such Interest Period for determining the then current annual assessment payable by Citibank to the

Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"AUCTION ADVANCE" means an advance by a Lender to the Borrower as part of an Auction Borrowing resulting from the auction bidding procedure described in Section 2.03.

"AUCTION BORROWING" means a borrowing consisting of simultaneous Auction Advances from each of the Lenders whose offer to make one or more Auction Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"AUCTION NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from an Auction Advance made by such Lender.

4

"AUCTION REDUCTION" has the meaning specified in Section 2.01.

"BASE RATE" means, for any period, a fluctuating interest rate PER ANNUM as shall be in effect from time to time which rate PER ANNUM shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) 1/2 of 1% PER ANNUM above the Federal Funds Rate in effect from time to time.

"BASE RATE ADVANCE" means a Contract Advance which bears interest as provided in Section 2.07(a).

"BORROWING" means a Contract Borrowing or an Auction Borrowing.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"CD LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "CD Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender

(or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"CODE" means the Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder, each as amended, modified or supplemented from time to time, or any successor legislation.

"COMMITMENT" has the meaning specified in Section 2.01.

"CONSOLIDATED TANGIBLE NET WORTH" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus, translation adjustment and the balance of the current profit and loss account not transferred to surplus) accounts of the Borrower and its subsidiaries appearing on a consolidated balance sheet of the Borrower and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of financial statements referred to in

5

Section 4.01(e), after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries and excluding (i) goodwill and other similar intangibles, (ii) deferred charges, (iii) all reserves carried and not deducted from assets, (iv) securities that are not readily marketable, (v) cash held in a sinking or another analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Debt, and (vi) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to December 31, 1990, each to be determined on a consolidated basis for the Borrower and its subsidiaries in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

"CONTRACT ADVANCE" means an advance by a Lender to the Borrower as part of a Contract Borrowing and refers to an Adjusted CD Rate Advance, a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "TYPE" of Contract Advance.

"CONTRACT BORROWING" means a borrowing consisting of simultaneous Contract Advances of the same Type made by each of the Lenders pursuant to Section 2.01 or Converted pursuant to Section 2.09 or 2.10.

"CONTRACT NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Contract Advances made by such Lender.

"CONVERT", "CONVERSION" and "CONVERTED" each refers to a conversion of Advances of one Type into Advances of another Type or the selection of a new, or the renewal of the same, Interest Period for Eurodollar Rate Advances or CD Rate Advances, as the case may be, pursuant to Section 2.09 or 2.10.

"DEBT" means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of the Borrower and its subsidiaries (i) for borrowed money or evidenced by bonds, indentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services, (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) as lessee under operating leases for electrical generating units, aircraft, fleet vehicles or real property or any other operating lease having aggregate lease payment obligations of more than \$1,000,000, (v) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the

6

payment of goods or services purchased in the ordinary course of business), (vi) to pay rent or other amounts under leveraged leases entered into in connection with sale and leaseback transactions, (vii) under direct or indirect guaranties in respect of, and to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, liabilities, obligations or indebtedness of others of the kinds referred to in clauses (i) through (vi) above, and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA; PROVIDED, that in determining aggregate lease payment obligations for purposes of clause (iv) above and in determining the aggregate amount of Debt outstanding at any time for purposes of Section 5.01(b) (including, without limitation, the aggregate amount of Debt included in the calculation of "Total Capitalization"), such lease payment obligations and the liabilities, obligations and indebtedness described in clauses (iv) and (vi) above shall be calculated in accordance with Financial Accounting Standards Board Statement No. 13, as amended and interpreted from time to time, as though such lease payment obligations and such liabilities, obligations and indebtedness were recorded as arising under capital leases.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"ELIGIBLE ASSIGNEE" means (i) a commercial bank organized under the laws of the United States, or any State thereof; (ii) a commercial bank organized under the laws of any other country that is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision

of any such country, provided that such bank is acting through a branch or agency located in the United States; (iii) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business; or (iv) the central bank of any country that is a member of the OECD; PROVIDED, HOWEVER, that (A) any such Person shall also (x) have outstanding unsecured indebtedness that is rated A- or better by S&P or A3 or better by Moody's (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither of such corporations is in the business of rating unsecured indebtedness of entities engaged in such businesses) or (y) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than

7

\$100,000,000 (or its equivalent in foreign currency), and (B) any Person described in clause (ii), (iii) or (iv) above shall, on the date on which it is to become a Lender hereunder, be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 2.15(d)).

"ENVIRONMENTAL LAWS" means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA AFFILIATE" of a Person means any trade or business (whether or not incorporated) that is a member of a group of which such Person is a member and that is under common control with such Person within the meaning of Section 414 of the Code.

"ERISA PLAN" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA TERMINATION EVENT" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from an ERISA

Plan during a plan year in which the Borrower or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (v) any other event or condition that would constitute grounds under Section 4042 of ERISA

8

for the termination of, or the appointment of a trustee to administer any ERISA Plan.

"EUROCURRENCY LIABILITIES" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EURODOLLAR RATE" means, for any Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing, an interest rate PER ANNUM equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% PER ANNUM, if such average is not such a multiple) of the rate PER ANNUM at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England, to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance made as part of such Contract Borrowing and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to, and received by, the Agent from the Reference Banks two Business Days before the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

"EURODOLLAR RATE ADVANCE" means a Contract Advance that bears interest as provided in Section 2.07(c).

"EURODOLLAR RATE RESERVE PERCENTAGE" of any Lender for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal

Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets

9

consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"EVENTS OF DEFAULT" has the meaning specified in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, and the regulations promulgated thereunder, in each case as amended and in effect from time to time.

"EXISTING FACILITY" means the Credit Agreement, dated as of March 28, 1991, among the Borrower, the lenders named therein, the co-managers named therein and Citibank, N.A., as agent for said lenders.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate PER ANNUM equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"INTENTION NOTICE" has the meaning specified in Section 2.05(c).

"INTEREST PERIOD" means, for each Contract Advance made as part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or the date of the Conversion of any Contract Advance into such a Contract Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 30, 60 or 90 days in the case of an Adjusted CD Rate Advance, and 1, 2, or 3 months in the case of a Eurodollar Rate Advance, in each case as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; PROVIDED, HOWEVER, that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Contract Advances made as part of the same Contract Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, PROVIDED, in the case of any Interest Period for a Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"INVESTMENT COMPANY ACT" means the Investment Company Act of 1940, and the regulations promulgated thereunder, in each case as amended and in effect from time to time.

"LENDERS" means the Banks listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"MAJORITY LENDERS" means, at any time prior to the Termination Date, Lenders having at least 66-2/3% of the Commitments (without giving effect to any termination in whole of the Commitments pursuant to Section 2.05 or 6.01), and, at any time on or after the Termination Date, Lenders having at least 66-2/3% of the Advances outstanding (PROVIDED that, for purposes hereof, neither the Borrower nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders having such amount of the Commitments or the Advances or (ii) determining the total amount of the Commitments or the Advances).

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MOODY'S RATING" means, on any date of determination, the rating of the Borrower's senior unsecured indebtedness most recently announced by Moody's.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"NOTE" means a Contract Note or an Auction Note.

"NOTICE OF A CONTRACT BORROWING" has the meaning specified in Section 2.02(a).

"NOTICE OF AN AUCTION BORROWING" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development or any successor thereto.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PROPOSAL NOTICE" has the meaning specified in Section 2.05(c).

"REFERENCE BANKS" means Citibank, The Chase Manhattan Bank, N.A. and CIBC Inc.

"REGISTER" has the meaning specified in Section 8.07(c).

"REPORTABLE EVENT" has the meaning assigned to that term in Title IV of ERISA.

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

"S&P RATING" means, on any date of determination, the rating of the Borrower's senior unsecured indebtedness most recently announced by S&P.

"SIGNIFICANT SUBSIDIARY" means any direct or indirect subsidiary of the Borrower having, on any date of determination or on any date during the 12-month period prior to such date of determination, total assets in excess of \$100,000,000 (with such determination to be made in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof) or in excess of 10% of Total Capitalization.

"SUBSIDIARY" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock (or comparable interest) of any other

class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one or more other subsidiaries). In the case of an unincorporated entity, a Person shall be deemed

to have more than 50% of interests having ordinary voting power only if such Person's vote in respect of such interests comprises more than 50% of the total voting power of all such interests in the unincorporated entity.

"TERMINATION DATE" means the earlier to occur of (i) December 8, 1994 or such later date to which the Termination Date is extended in accordance with Section 2.17, and (ii) the date of termination or reduction in whole of the Commitments pursuant to Section 2.05 or 6.01.

"TERMINATION NOTICE" has the meaning specified in Section 2.05(c).

"THREE-YEAR CREDIT AGREEMENT" means that certain Credit Agreement, dated as of the date hereof, among the Borrower, the Banks and the Agent, providing a three-year revolving credit facility for the Borrower, as the same may be amended, supplemented or otherwise modified from time to time.

"TOTAL CAPITALIZATION" means the sum of (i) Debt of the Borrower and its subsidiaries, PLUS (ii) the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus, translation adjustment and the balance of the current profit and loss account not transferred to surplus) accounts of the Borrower and its subsidiaries appearing on a consolidated balance sheet of the Borrower and its subsidiaries, in each case prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e), after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"YIELD" means, for any Auction Advance, the effective rate PER ANNUM at which interest on such Auction Advance is payable, computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

SECTION 1.02. COMPUTATION OF TIME PERIODS. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

13

SECTION 1.03. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. THE CONTRACT ADVANCES. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "COMMITMENT"), PROVIDED that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Auction Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being an "AUCTION REDUCTION"). Each Contract Borrowing shall be in an amount not less than \$1,000,000 or an integral multiple of \$500,000 in excess thereof and shall consist of Contract Advances of the same Type made or Converted on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.11 and reborrow under this Section 2.01.

SECTION 2.02. MAKING THE CONTRACT ADVANCES. (a) Each Contract Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Contract Borrowing, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof on such Business Day. Each such notice of a Contract Borrowing (a "NOTICE OF A CONTRACT BORROWING") shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Contract Borrowing, (ii) Type of Contract Advances to be made in connection with such Contract Borrowing, (iii) aggregate amount of such Contract Borrowing, and (iv) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, initial Interest Period for each such Contract

14

Advance. Each Lender shall, before 12:00 noon (New York City time) on the date of such Contract Borrowing, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such Contract Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's aforesaid address.

(b) Anything in subsection (a) above to the contrary notwithstanding,

the Borrower may not select Adjusted CD Rate Advances or Eurodollar Rate Advances for any Contract Borrowing if the Advance to be made by any Lender as part of such Contract Borrowing is less than \$1,000,000.

(c) Each Notice of a Contract Borrowing shall be irrevocable and binding on the Borrower. In the case of any Contract Borrowing that the related Notice of a Contract Borrowing specifies is to comprise Adjusted CD Rate Advances or Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of a Contract Borrowing for such Contract Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Contract Advance to be made by such Lender as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Contract Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Contract Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Contract Advances made in connection with such Contract Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other

15

Lender of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Contract Advance to be made by such other Lender on the date of any Contract Borrowing.

(f) Notwithstanding anything to the contrary contained herein, no more than eight Contract Borrowings may be outstanding at any time.

SECTION 2.03. THE AUCTION ADVANCES. (a) Each Lender severally agrees that the Borrower may request Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Termination Date in the manner set forth below; PROVIDED that, following the making of each Auction Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any Auction Reduction).

(i) The Borrower may request an Auction Borrowing by delivering to the Agent (A) by telecopier, telex or cable, confirmed immediately in writing, a notice of an Auction Borrowing (a "NOTICE OF AN AUCTION BORROWING"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed Auction Borrowing, the maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such Auction Borrowing or later than the day prior to the Termination Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Auction Borrowing, not later than 10:00 A.M. (New York City time) at least one Business Day prior to the date of the proposed Auction Borrowing and (B) payment in full to the Agent of the aggregate auction administration fee specified in Section 2.04(c) hereof. The Agent shall in turn promptly notify each Lender of each request for an Auction Borrowing received by it from the Borrower by sending such Lender on such Business Day a copy of the related Notice of an Auction Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Auction Advances to the Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) on the date of such proposed Auction Borrowing of the minimum amount and maximum amount of each Auction Advance that such Lender would be willing to make as part of such proposed Auction Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's

16

Commitment), the rate or rates of interest therefor, the interest period relating thereto (which interest period may not exceed 90 days) and such Lender's Applicable Lending Office with respect to such Auction Advance; PROVIDED that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time)

on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Auction Advance as part of such Auction Borrowing; PROVIDED that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Auction Advance as part of such proposed Auction Borrowing.

(iii) The Borrower shall, in turn, before 11:00 A.M. (New York City time) on the date of such proposed Auction Borrowing, either

(A) cancel such Auction Borrowing by giving the Agent notice to that effect, or

(B) irrevocably accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Agent of the amount of each Auction Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Auction Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such Auction Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect; PROVIDED, HOWEVER, that (x) the Borrower shall not accept an offer made pursuant to paragraph (ii) above, at any Yield if the Borrower shall have, or shall be deemed to have, rejected any other offer made pursuant to paragraph (ii) above, at a lower Yield, (y) if the Borrower declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Auction Borrowings offered at the same Yield pursuant to paragraph (ii) above, then the Borrower shall accept a PRO RATA portion of each offer made at such Yield, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by the Borrower to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or

17

down to the next higher or lower multiple of \$1,000,000), and (z) no offer made pursuant to paragraph (ii) above shall be accepted unless the Auction Borrowing in respect of such offer is in an integral multiple of \$1,000,000 and the aggregate amount of such offers accepted by the Borrower is equal to at least \$10,000,000.

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the Borrower in accordance with this paragraph (iii) shall be deemed to have been rejected by the Borrower.

(iv) If the Borrower notifies the Agent that such Auction Borrowing is canceled pursuant to clause (A) of paragraph (iii) above, the Agent shall give prompt notice thereof to the Lenders and such Auction Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to clause (B) of paragraph (iii) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Auction Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make an Auction Advance as part of such Auction Borrowing of the amount of each Auction Advance to be made by such Lender as part of such Auction Borrowing, and (C) each Lender that is to make an Auction Advance as part of such Auction Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make an Auction Advance as part of such Auction Borrowing shall, before 12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02 such Lender's portion of such Auction Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's aforesaid address. Promptly after each Auction Borrowing the Agent will notify each Lender of the amount of the Auction Borrowing, the consequent Auction Reduction and the dates upon which such Auction Reduction commenced and will terminate.

(b) Each Auction Advance shall be in an amount not less than \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Auction Borrowing, the Borrower shall be in compliance with

the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, PROVIDED that an Auction Borrowing shall not be made within three Business Days of the date of any other Auction Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender that has made an Auction Advance, or each other holder of an Auction Note, on the maturity date of each Auction Advance (such maturity date being that specified by the Borrower for repayment of such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above and provided in the Auction Note evidencing such Auction Advance), the then unpaid principal amount of such Auction Advance. The Borrower shall have no right to prepay any principal amount of any Auction Advance unless, and then only on the terms, specified by the Borrower for such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above and set forth in the Auction Note evidencing such Auction Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each Auction Advance from the date of such Auction Advance to the date the principal amount of such Auction Advance is repaid in full, at the rate of interest for such Auction Advance specified by the Lender making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a) (ii) above, payable on the interest payment date or dates specified by the Borrower for such Auction Advance in the related Notice of an Auction Borrowing delivered pursuant to subsection (a) (i) above, as provided in the Auction Note evidencing such Auction Advance.

(f) The indebtedness of the Borrower resulting from each Auction Advance made to the Borrower as part of an Auction Borrowing shall be evidenced by a separate Auction Note of the Borrower payable to the order of the Lender making such Auction Advance.

SECTION 2.04. FEES. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on the average daily unused portion of such Lender's Commitment (after giving effect to any Auction Reduction) from the date hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period

(commencing December 31, 1993) and on the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, at the rate of 0.125%

PER ANNUM; PROVIDED, HOWEVER, that such rate shall be increased (on a non-cumulative basis) by (i) 0.025% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than A3 or the S&P Rating shall be lower than A-, (ii) 0.075% PER ANNUM in the event that, and at all times during which, either the Moody's Rating shall be lower than Baa2 or the S&P Rating shall be lower than BBB or (iii) 0.25% PER ANNUM in the event that, and at all times during which, (A) either the Moody's Rating shall be lower than Baa3 or the S&P Rating shall be lower than BBB- or (B) the Borrower's senior unsecured indebtedness shall be unrated by both Moody's and S&P.

(b) The Borrower agrees to pay to the Agent for the account of each Lender an auction facility fee on the average daily aggregate principal amount of Auction Advances outstanding during the period from the date hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period (commencing December 31, 1993) and on the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, at the rate of 0.1875% PER ANNUM.

(c) The Borrower agrees to pay to the Agent for its own account an auction administration fee in the amount of \$3,500 in respect of each Auction Borrowing requested by the Borrower pursuant to Section 2.03(a)(i), payable on the date of such request.

SECTION 2.05. REDUCTION OF THE COMMITMENTS. (a) AT BORROWER'S OPTION. The Borrower shall have the right, upon at least two Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, PROVIDED that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Advances then outstanding and PROVIDED, FURTHER, that each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple thereof.

(b) MANDATORY. The respective Commitments of the Lenders shall automatically reduce ratably upon each disposition of assets or capital stock in excess of the 7.5% and 51% thresholds, respectively, described in Section 5.02(c) by an amount equal, in the aggregate, to the amount of consideration (as defined in Section 5.02(c)) received by the Borrower in respect of such assets or capital stock, as the case may be, but only to the extent that the disposition of

such assets or capital stock, as the case may be, exceeds such thresholds; PROVIDED, HOWEVER, that no reduction in the Commitments shall occur as a result

of any such disposition if on the date thereof, and after giving effect thereto, the total assets of the Borrower are equal to or greater than the total assets of the Borrower as of September 30, 1993, in each case as determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e); and PROVIDED FURTHER, HOWEVER, that each such Commitment reduction shall be made PRO RATA among the Commitments hereunder and the "Commitments" under the Three-Year Credit Agreement.

(c) AT LENDER'S OPTION. The Borrower shall give the Agent and each Lender at least twenty Business Days' notice (a "PROPOSAL NOTICE") of its intention to use the proceeds of any Borrowing hereunder directly or indirectly in connection with (i) the acquisition of in excess of 5% of any class of equity security that is registered pursuant to Section 12 of the Exchange Act, (ii) any transaction subject to the requirements of Section 13 of the Exchange Act or (iii) any transaction subject to the requirements of Section 14 of the Exchange Act with respect to which proxies, consents or authorizations, as the case may be, are being sought by any person (as defined in the Exchange Act) other than the majority of the board of directors of the issuer of the securities in respect of which such proxies, consents or authorizations are being sought. Any Lender may, within fifteen Business Days after receipt of such Proposal Notice from the Borrower, give notice (a "TERMINATION NOTICE") to the Agent and the Borrower that such Lender has made a good faith determination that the use of proceeds described in such Proposal Notice, if funded by such Lender, would create a conflict of interest for such Lender (based upon the existence of commitments by such Lender to other parties in interest to such transaction, confidential information held by such Lender relating to such transaction or any other party in interest to such transaction or other similar circumstances that would reasonably prevent or prohibit a commercial financial institution from extending credit to the Borrower under such circumstances) or would otherwise violate a commercial lending policy of such Lender because of an existing customer relationship of such Lender or any of its Affiliates with the issuer of any such securities, and that, accordingly, such Lender elects to terminate its Commitment if the proceeds of such Borrowing will be used in such a manner. If no Termination Notice is received by the Borrower within fifteen Business Days after receipt by the Lenders of a Proposal Notice, the Borrower may apply the proceeds of the affected Borrowing in accordance with such Proposal Notice. If the Borrower receives a Termination Notice from any Lender within such fifteen Business Day period, the Borrower shall promptly thereafter notify the Agent and each of the Lenders (an "INTENTION NOTICE") whether it will use the proceeds of the affected Borrowing for the purposes specified in such Proposal Notice, and, if the proceeds will be used for such purposes, the Commitment of each Lender that delivered a Termination Notice shall terminate immediately upon receipt by such Lender of such Intention Notice. Upon such termination, the

Borrower shall (i) immediately repay all of such Lender's outstanding Base Rate Advances, together with accrued interest thereon, (ii) repay all of such

Lender's outstanding Adjusted CD Rate Advances and Eurodollar Rate Advances, together with accrued interest thereon, at the end of the respective Interest Periods applicable thereto and (iii) repay all of such Lender's outstanding Auction Advances, together with accrued interest thereon, at the respective maturity dates therefor. All accrued fees with respect to such Lender's Commitment shall be payable on the date of receipt of the applicable Intention Notice.

SECTION 2.06. REPAYMENT OF CONTRACT ADVANCES. The Borrower shall repay the principal amount of each Contract Advance made by each Lender in accordance with the Contract Note to the order of such Lender.

SECTION 2.07. INTEREST ON CONTRACT ADVANCES. The Borrower shall pay interest on the unpaid principal amount of each Contract Advance made by each Lender from the date of such Contract Advance until such principal amount shall be paid in full, at the following rates PER ANNUM:

(a) BASE RATE ADVANCES. If such Contract Advance is a Base Rate Advance, a rate PER ANNUM equal at all times to the sum of the Base Rate in effect from time to time PLUS the Applicable Margin for such Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(b) ADJUSTED CD RATE ADVANCES. If such Contract Advance is an Adjusted CD Rate Advance, a rate PER ANNUM equal at all times during each Interest Period for such Contract Advance to the sum of the Adjusted CD Rate for such Interest Period PLUS the Applicable Margin for such Adjusted CD Rate in effect from time to time, payable on the last day of each Interest Period for such Adjusted CD Rate Advance and on the date such Adjusted CD Rate Advance shall be Converted or paid in full.

(c) EURODOLLAR RATE ADVANCES. Subject to Section 2.08, if such Contract Advance is a Eurodollar Rate Advance, a rate PER ANNUM equal at all times during each Interest Period for such Contract Advance to the sum of the Eurodollar Rate for such Interest Period PLUS the Applicable Margin for such Eurodollar Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Eurodollar Rate Advance and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

SECTION 2.08. ADDITIONAL INTEREST ON CONTRACT ADVANCES. The Borrower shall pay to each Lender, so long as such Lender shall be required

under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or

including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Contract Advance until such principal amount is paid in full, at an interest rate PER ANNUM equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Contract Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Contract Advance. Such additional interest shall be determined by such Lender and notified to the Borrower through the Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.09. INTEREST RATE DETERMINATION. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a), (b) or (c), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.07(b) or (c).

(c) If fewer than two Reference Banks furnish timely information to the Agent for determining the Adjusted CD Rate for any Adjusted CD Rate Advances, or the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert Contract Advances into, Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be, shall be suspended until the Agent shall

23

notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority

Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Adjusted CD Rate Advances or any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of Contract Advances made in connection with any Contract Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$10,000,000, such Contract Advances shall, if they are Advances of a Type other than Base Rate Advances, automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such Contract Advances into Advances of a Type other than Base Rate Advances shall terminate; PROVIDED, HOWEVER, that if and so long as each such Contract Advance shall be of the same Type and have the same Interest Period as Contract Advances made in connection with another Contract Borrowing or other Contract Borrowings, and the aggregate unpaid principal amount of all such Contract Advances shall equal or exceed \$10,000,000, the Borrower shall have the right to continue all such Contract Advances as, or to Convert all such Contract Advances into, Advances of such Type having such Interest Period.

SECTION 2.10. VOLUNTARY CONVERSION OF CONTRACT ADVANCES. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, Convert all Contract Advances of one Type made in connection with

the same Contract Borrowing into Advances of another Type; PROVIDED, HOWEVER, that any Conversion of, or with respect to, any Adjusted CD Rate Advances or Eurodollar Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such Adjusted CD Rate Advances

or Eurodollar Rate Advances, unless the Borrower shall also reimburse the Lenders in respect thereof pursuant to Section 8.04(b) on the date of such Conversion; and PROVIDED FURTHER, HOWEVER, that if, on the date of any proposed Conversion, any Event of Default or event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both shall have occurred and be continuing, all Contract Advances subject to such proposed Conversion shall, on such date, automatically Convert into, or remain as, as the case may be, Base Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Contract Advances to be Converted, and (iii) if such Conversion is into, or with respect to, Adjusted CD Rate Advances or Eurodollar Rate Advances, the duration of the Interest Period for each such Contract Advance.

SECTION 2.11. PREPAYMENTS. (a) OPTIONAL. The Borrower may, upon at least two Business Days' notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Contract Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; PROVIDED, HOWEVER, that (i) each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 and (ii) in the case of any such prepayment of an Adjusted CD Advance or Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(b) on the date of such prepayment.

(b) MANDATORY. Upon each disposition of assets or capital stock described in Section 5.02(c), the Agent shall apply amounts received from the Borrower pursuant to clause (B) of Section 5.02(c) to the prepayment of Advances outstanding hereunder in the following order of priority:

FIRST, to the prepayment in whole or ratably in part of the principal amount of all outstanding Contract Advances together with accrued interest to the date of such prepayment on the principal amount prepaid, and

SECOND, to the prepayment in whole or ratably in part of the principal amount of outstanding Auction Advances together with accrued interest to the date of such prepayment on the principal amount prepaid, in the order of their maturities.

SECTION 2.12. INCREASED COSTS. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances,

included in the Adjusted CD Rate Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with

any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances, Eurodollar Rate Advances or any other Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type or the Advances, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall immediately pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder or the Advances made by such Lender. A certificate as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.13. ILLEGALITY. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Advances of another Type in accordance with Section 2.10.

SECTION 2.14. PAYMENTS AND COMPUTATIONS. (a) The Borrower shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at its address

referred to in Section 8.02 in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment and auction facility fees ratably (other than amounts payable pursuant to Section 2.02(c), 2.03, 2.08, 2.12, 2.15 or 8.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under any Note held by such Lender, to charge from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Federal Funds Rate and of commitment fees, auction facility fees and interest payable on Auction Advances shall be made by the Agent, and all computations of interest pursuant to Section 2.08 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.08, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; PROVIDED, HOWEVER, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent

may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(f) Notwithstanding anything to the contrary contained herein, any amount payable by the Borrower hereunder or under any Note that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest from the date when due until paid in full at a rate PER ANNUM equal at all times to the Base Rate plus 2%, payable upon demand.

SECTION 2.15. TAXES. (a) Any and all payments by the Borrower hereunder or under the Contract Notes shall be made, in accordance with Section 2.14, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, EXCLUDING, in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.15) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the

28

Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "OTHER TAXES").

(c) The Borrower will indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or

Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Prior to the date of the initial Borrowing in the case of each Bank, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter if requested by the Borrower or the Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Agent and the Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under the Notes. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Agent and the Borrower in writing to that effect. Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrower or the Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States.

(e) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(f) If the Borrower makes any additional payment to any Lender pursuant to this Section 2.15 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge solely as a result of any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.15, such Lender shall, to the extent that

it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to the Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If such Lender later determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment

made pursuant to the first sentence of this Section 2.15(f), the Borrower shall upon demand of such Lender promptly repay the amount of such overpayment. Any determination made by such Lender pursuant to this Section 2.15(f) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.15(f) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of any Lender.

(g) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.15 shall survive the payment in full of principal and interest hereunder and under the Notes.

SECTION 2.16. SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Contract Advances made by it (other than pursuant to Section 2.02(c), 2.08, 2.12, 2.15 or 8.04(b)) in excess of its ratable share of payments on account of the Contract Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Contract Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, PROVIDED, HOWEVER, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. EXTENSION OF TERMINATION DATE. At least 90 but not more than 120 days prior to the then-scheduled Termination Date, the Borrower may (on no more than two such occasions) request the Lenders, by written notice to the Agent, to consent to a 360-day extension of the Termination Date. Each Lender may, in its sole and absolute discretion, determine whether to consent to

30

such request and may by a revocable notice (a "CONSENT NOTICE") to the Agent given within 60 days after such Lender's receipt of such request (such 60-day period being the "CONSENT PERIOD") notify the Agent of its determination. Failure by any Lender to respond within the Consent Period shall be deemed to be a denial of the Borrower's request by such Lender. Any Lender may revoke its

Consent Notice at any time on or prior to the day immediately preceding the Termination Date then in effect (without giving effect to the extension requested by the Borrower); PROVIDED, HOWEVER, that any Consent Notice not revoked by means of a written notice of revocation delivered by such Lender to the Agent on or prior to such day shall become irrevocable on the Termination Date then in effect. If all of the Lenders shall have delivered Consent Notices and such Consent Notices shall have become irrevocable in accordance with the foregoing, then the Termination Date shall be so extended (and the Agent shall so notify the Borrower and the Lenders), such extension to be effective as of the Termination Date theretofore in effect upon the delivery by the Borrower to the Agent and each Lender, on or prior to such date, of (i) a certificate of a duly authorized officer of the Borrower, dated such date, as to the accuracy, both before and after giving effect to such proposed extension, of the representations and warranties set forth in Section 4.01 and as to the absence, both before and after giving effect to such proposed extension, of any Event of Default or event that with the giving of notice or the passage of time or both would constitute an Event of Default and (ii) an opinion of counsel to the Borrower as to the extension of the Termination Date and such other matters as any Lender, through the Agent, may reasonably request.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. CONDITIONS PRECEDENT TO INITIAL ADVANCES. The obligation of each Lender to make its initial Advance is subject to the satisfaction, prior to or concurrently with the making of such initial Advance, of each of the following conditions precedent:

(a) DOCUMENTS AND OTHER AGREEMENTS. The Agent shall have received on or before the day of the initial Borrowing the following, each dated the same date, in form and substance satisfactory to the Agent and (except for the Notes) with one copy for each Lender:

(i) The Contract Notes payable to the order of each of the Lenders, respectively;

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the issuance of the Notes, and of all documents evidencing other necessary corporate action with respect to this Agreement and the Notes;

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the

Notes and the other documents to be delivered hereunder; (B) that attached thereto are true and correct copies of the Certificate of Incorporation and the By-laws of the Borrower, in each case in effect on such date; and (C) that attached thereto are true and correct copies of all governmental and regulatory authorizations and approvals required for the due execution, delivery and performance of this Agreement and the Notes;

(iv) A favorable opinion of Blackwell, Sanders, Matheny, Weary & Lombardi, counsel for the Borrower, substantially in the form of Exhibit D-1 hereto and as to such other matters as any Lender through the Agent may reasonably request;

(v) Favorable opinions of special regulatory counsel for the Borrower, each substantially in the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Agent may reasonably request;

(vi) A favorable opinion of King & Spalding, counsel for the Agent, substantially in the form of Exhibit E hereto;

(vii) Federal Reserve Form U-1 provided for in Regulation U issued by the Board of Governors of the Federal Reserve System, the statements made in which shall be such as to permit the transactions contemplated hereby in accordance with said Regulation U; and

(viii) An irrevocable notice from the Borrower requesting termination of the "COMMITMENTS" under the Existing Facility effective automatically on the date hereof upon the satisfaction (or waiver) of the other conditions precedent set forth in this Section 3.01.

(b) PAYMENT OF FEES. The Borrower shall have paid all fees under or referenced in Section 2.04 and any arrangement fees payable to the Agent, to the extent then due and payable.

SECTION 3.02. CONDITIONS PRECEDENT TO EACH CONTRACT BORROWING. The obligation of each Lender to make a Contract Advance on the occasion of each Contract Borrowing (including the initial Contract Borrowing) shall be subject to the further conditions precedent that on the date of such Contract

32

Borrowing (i) the following statements shall be true (and each of the giving of the applicable Notice of a Contract Borrowing and the acceptance by the Borrower of the proceeds of such Contract Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Contract Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01

are correct on and as of the date of such Contract Borrowing, before and after giving effect to such Contract Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) No event has occurred and is continuing, or would result from such Contract Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

and (ii) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. CONDITIONS PRECEDENT TO EACH AUCTION BORROWING. The obligation of each Lender that is to make an Auction Advance on the occasion of an Auction Borrowing (including the initial Auction Borrowing) to make such Auction Advance as part of such Auction Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of an Auction Borrowing with respect thereto, (ii) on or before the date of such Auction Borrowing, but prior to such Auction Borrowing, the Agent shall have received an Auction Note payable to the order of such Lender for each of the Auction Advances to be made by such Lender as part of such Auction Borrowing, in a principal amount equal to the principal amount of the Auction Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Auction Advance in accordance with Section 2.03, and (iii) on the date of such Auction Borrowing the following statements shall be true (and each of the giving of the applicable Notice of an Auction Borrowing and the acceptance by the Borrower of the proceeds of such Auction Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Auction Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01 are correct on and as of the date of such Auction Borrowing, before and after giving effect to such Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(B) No event has occurred and is continuing, or would result from such Auction Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would

33

constitute an Event of Default but for the requirement that notice be given or time elapse or both.

ARTICLE IV

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER.

The Borrower represents and warrants as follows:

(a) Each of the Borrower and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business as a foreign corporation in each jurisdiction in which the nature of the business conducted or the property owned, operated or leased by it requires such qualification, except where failure to so qualify would not materially adversely affect its condition (financial or otherwise), operations, business, properties, or prospects.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws, (ii) law or (iii) any contractual or legal restriction binding on or affecting the Borrower or its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement is, and the Notes when delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The balance sheet of the Borrower and its subsidiaries as at December 31, 1992, and the related statements of income, retained earnings and cash flows of the Borrower and its subsidiaries for the fiscal year then ended, certified by Arthur Andersen, and the unaudited balance sheet of the Borrower and its subsidiaries as at September 30, 1993 and the related unaudited statements of income, retained earnings and cash flows for the nine-month period then ended, copies of which have been

34

furnished to each Bank, fairly present (subject, in the case of such balance sheet and statements of income for the nine-month period ended September 30, 1993, to year-end adjustments) the financial condition of the Borrower and its subsidiaries as at such dates and the results of the operations of the Borrower and its subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied, and since December 31,

1992, there has been no material adverse change in the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or any of its subsidiaries as reflected in such financial statements.

(f) There is no pending or threatened action or proceeding affecting the Borrower or any of its Significant Subsidiaries before any court, governmental agency or arbitrator that could reasonably be expected to materially adversely affect the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or any Significant Subsidiary or that purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note.

(g) No proceeds of any Advance have been or will be used directly or indirectly in connection with (i) the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act, (ii) any transaction subject to the requirements of Section 13 of the Exchange Act or (iii) any transaction subject to the requirements of Section 14 of the Exchange Act, except in compliance with the provisions of Section 2.05(c) hereof.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and, except as contemplated by Section 2.05(c), no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Borrower and its subsidiaries is, on the date hereof, represented by margin stock.

(i) The Borrower (i) is not a "public utility holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, and (ii) is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, or an "investment advisor" within the meaning of the Investment Company Act.

(j) No ERISA Termination Event has occurred, or is reasonably expect to occur, with respect to any ERISA Plan that may

materially and adversely affect the condition (financial or otherwise), operations, business, properties or prospects of the Borrower and its subsidiaries, taken as a whole.

(k) No proceeds of any Advance have been or will be used directly or indirectly for any purpose that entails a violation of, or that is inconsistent with, the provisions of Regulation G, T, U, or X of the Board of Governors of the Federal Reserve System.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. AFFIRMATIVE COVENANTS. So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, and, in the case of Sections 5.01(a) and 5.01(d), will cause its subsidiaries to, unless the Majority Lenders shall otherwise consent in writing:

(a) KEEP BOOKS; CORPORATE EXISTENCE; MAINTENANCE OF PROPERTIES; COMPLIANCE WITH LAWS; INSURANCE; TAXES.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and are necessary to carry on its business;

(iv) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or its property, except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws; and

(v) maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which it operates.

(b) DEBT TO TOTAL CAPITALIZATION RATIO. Maintain at all times a

ratio of Debt to Total Capitalization of not more than .65 to 1.0.

(c) CONSOLIDATED TANGIBLE NET WORTH. Maintain at all times Consolidated Tangible Net Worth of not less than \$400,000,000.

(d) USE OF PROCEEDS. Use the proceeds of any Borrowings hereunder (i) exclusively for general corporate purposes, including working capital requirements, support for its commercial paper programs and acquisitions of energy-related assets or Persons strictly in accordance with the provisions set forth in Sections 2.05(c) and 4.01(k) and (ii) in strict compliance with all applicable laws and governmental and regulatory approvals.

(e) REPORTING REQUIREMENTS. Furnish to the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, (A) consolidated balance sheet of the Borrower and its subsidiaries as of the end of such quarter and (B) consolidated statements of income, retained earnings and cash flows of the Borrower and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each certified by the chief financial officer of the Borrower;

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower and its subsidiaries, containing unqualified consolidated financial statements for such year, certified by Arthur Andersen or another nationally recognized firm of independent public accountants;

(iii) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower and within 120 days after the end of the fiscal year of the Borrower, a certificate of the chief financial officer of the Borrower, substantially in the form of Exhibit F hereto, (A) demonstrating, in reasonable detail and with supporting calculations, compliance with the financial covenants set forth in Sections 5.01(b) and (c) hereof and (B) stating that no Event of Default and no event that, with the giving of notice or lapse of

37

time or both, will constitute an Event of Default has occurred and is continuing, or if an Event of Default or such event has occurred and is continuing, a statement setting forth details of such Event of Default or event and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) as soon as possible and in any event within five days

after the occurrence of each Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the actions that the Borrower has taken and proposes to take with respect thereto;

(v) as soon as possible and in any event within five days after the commencement of litigation against the Borrower or any of its subsidiaries, or the receipt of a notice of default by the Borrower or any of its subsidiaries, that could reasonably be expected to have a material adverse effect on the Borrower or any of its subsidiaries, notice of such litigation or notice of default describing in reasonable detail the facts and circumstances concerning such litigation or default and the Borrower's or such subsidiary's proposed actions in connection therewith;

(vi) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securities holders, and copies of all reports and registration statements which the Borrower or any subsidiary files with the Securities and Exchange Commission or any national securities exchange; and

(vii) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 5.02. NEGATIVE COVENANTS. So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Lenders:

(a) LIENS, ETC. Create or suffer to exist any lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign any right to receive income, in each case to secure or provide for the payment of any Debt, other than

38

(i) liens securing Debt of the Borrower not in excess of \$50,000,000 in the aggregate outstanding at any time, (ii) liens created pursuant to the First Mortgage Indenture dated January 1, 1946, as supplemented, and the General Mortgage Indenture and Deed of Trust dated September 15, 1988, (iii) liens created by purchase money mortgages or other security interests upon or in any property acquired or held (including, without limitation, as lessee) by the Borrower in the ordinary course of

business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition or leasing of such property, (iv) liens and security interests that may be required to be granted on accounts receivable in connection with any sale thereof, (v) liens or security interests existing on such property at the time of its acquisition (other than any such lien or security interest created in contemplation of such acquisition) and (vi) extensions and renewals of any lien or security interest described in clauses (i) through (v) above, PROVIDED that (A) any such extension or renewal shall be limited to the property theretofore subject to such lien or security interest and (B) the principal amount of the Debt secured by such lien or security interest shall not be increased.

(b) MERGERS AND CONSOLIDATIONS. Merge or consolidate with or into any Person, or permit any of its subsidiaries to do so, except (i) any subsidiary of the Borrower may merge or consolidate with or into any other subsidiary of the Borrower and (ii) any subsidiary of the Borrower may merge with the Borrower and (iii) the Borrower or any subsidiary of the Borrower may merge with any other Person, PROVIDED in each case that, immediately after giving effect to such proposed transaction, (A) no Event of Default or event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default would exist, (B) in the case of any such transaction to which the Borrower is a party, the Borrower is the surviving corporation, (C) the ratings assigned by S&P or Moody's to the Borrower's senior unsecured indebtedness shall not be lower than the ratings assigned by S&P or Moody's to the Borrower's senior unsecured indebtedness immediately prior to giving effect to such proposed transaction, (D) in the case of any such transaction to which any subsidiary of the Borrower is a party, the surviving corporation is a subsidiary of the Borrower, and (E) no Person (other than the Borrower) and its Affiliates, collectively, shall have the ability to elect a majority of the board of directors of the Borrower or any such subsidiary or surviving corporation.

(c) DISPOSITION OF ASSETS. In any 12-month period, (i) sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) in excess of 7.5% of the total assets (whether now owned or hereafter acquired, EXCLUDING, HOWEVER, accounts receivable of the Borrower) of the Borrower and its subsidiaries (with such

determination to be made in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e)), or permit any subsidiary to do so, or (ii) sell or otherwise dispose of (whether in one transaction or in a series of transactions) in excess of 51% of the

shares of capital stock of any Significant Subsidiary, or permit any Significant Subsidiary to issue, sell or otherwise dispose of in excess of 51% of its shares of capital stock or the capital stock of any other Significant Subsidiary, except to the Borrower or another subsidiary, unless in either case described in clauses (i) and (ii) above, (A) the consideration (as hereinafter defined) received for such assets or capital stock, as the case may be, is at least equal to the higher of the book value and the fair value (as determined in good faith by the board of directors of the Borrower) thereof, and (B) such consideration (to the extent that it relates to the disposition of assets or capital stock, as the case may be, in excess of the 7.5% and 51% thresholds, respectively) is delivered immediately to the Agent to be applied in accordance with Section 2.11(b) to the prepayment of Advances then outstanding, together with accrued interest to the date of such prepayment and any other amounts payable hereunder, with the remainder, if any, to be returned to the Borrower; PROVIDED, HOWEVER, that each such prepayment shall be applied PRO RATA to the Advances then outstanding hereunder and the "Advances" then outstanding under the Three-Year Credit Agreement, if any. As used in this Section 5.02(c), the term "consideration" shall mean cash consideration or the fair value of non-cash consideration (as determined in good faith by the board of directors of the Borrower).

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. EVENTS OF DEFAULT. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable, or interest thereon or any other amount payable under this Agreement or any of the Notes within two days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(b), (c) or (d) or Section 5.02 or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

40

(d) The Borrower or any Significant Subsidiary shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount in excess of \$10,000,000 in the aggregate (but excluding Debt evidenced by the Notes) of the Borrower or such Significant Subsidiary (as the case may be) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize or to consent to any of the actions set forth above in this subsection (e); or

41

(f) Any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Borrower or any of its Significant Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) An ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall fail to maintain the minimum funding standards required by Section 412 of the Code for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Code, or (ii) an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) the Borrower or any ERISA Affiliate of the Borrower has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then-present value of such ERISA Plan's vested benefits exceeds the then-current value of assets accumulated in such ERISA Plan by more than the amount of \$10,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount);

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; PROVIDED, HOWEVER, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower or any of its subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

42

ARTICLE VII

THE AGENT

SECTION 7.01. AUTHORIZATION AND ACTION. Each Lender hereby

appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; PROVIDED, HOWEVER, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. AGENT'S RELIANCE, ETC. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by

43

telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CITIBANK AND AFFILIATES. With respect to its Commitment, the Advances made by it and the Notes issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its

individual capacity. Citibank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. LENDER CREDIT DECISION. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. INDEMNIFICATION. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Contract Notes then held by each of them (or if no Contract Notes are at the time outstanding or if any Contract Notes are held by Persons which are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, PROVIDED that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are

44

reimbursable by the Borrower but for which the Agent is not reimbursed by the Borrower.

SECTION 7.06. SUCCESSOR AGENT. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after

the retiring Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank described in clause (i) or (ii) of the definition of "Eligible Assignee" and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. Notwithstanding the foregoing, if no Event of Default, and no event that with the giving of notice or the passage of time, or both, would constitute an Event of Default, shall have occurred and be continuing, then no successor Agent shall be appointed under this Section 7.06 without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement or the Contract Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; PROVIDED, HOWEVER, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is the Borrower or an Affiliate of the Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (d) postpone any date

45

fixed for any payment of principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and PROVIDED, FURTHER, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

SECTION 8.02. NOTICES, ETC. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 3000 Commerce Tower, 911 Main Street, Kansas City, Missouri 64105, Attention: Vice President, Finance; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention: Utilities Department, North American Finance Group; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II or VII shall not be effective until received by the Agent.

SECTION 8.03. NO WAIVER; REMEDIES. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. COSTS AND EXPENSES; INDEMNIFICATION. (a) Except to the extent limited by written agreement between the Borrower and the Agent on or prior to the date hereof, the Borrower agrees to pay on demand all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution, delivery, syndication, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses of outside counsel and of

46

internal counsel), incurred by the Agent and the Lenders in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or Conversion of, any Adjusted CD Rate Advance or Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Contract Advance, as a result of a payment or

Conversion pursuant to Section 2.09(f), 2.10 or 2.13 or acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or any payment of principal of any Auction Advance is made other than on the maturity date thereof, the Borrower shall, upon demand by any Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Contract Advance or Auction Advance, as the case may be.

(c) The Borrower hereby agrees to indemnify and hold each Lender, the Agent and their respective Affiliates and their respective officers, directors, employees and professional advisors (each, an "INDEMNIFIED PERSON") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including, without limitation, reasonable counsel fees and expenses of outside counsel and of internal counsel, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any Person by reason of or in connection with the execution, delivery or performance of this Agreement, the Notes or any transaction contemplated thereby, or the use by the Borrower or any of its subsidiaries of the proceeds of any Advance. The Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 8.04(c) are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05. RIGHT OF SET-OFF. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general

or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender, PROVIDED that the failure to give such notice shall not affect the

validity of such set-off and application. The rights of each Lender under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. ASSIGNMENTS AND PARTICIPATIONS. (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Contract Advances owing to it and the Contract Note or Notes held by it); PROVIDED, HOWEVER, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any Auction Advances or Auction Notes), (ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000 and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Contract Note or Notes subject to such assignment and a processing and recordation fee of \$2,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under

this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time assign all or any portion of the Advances owing to it to any Affiliate of such Lender. No such assignment, other than to an Eligible Assignee, shall release the assigning Lender from its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with

each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Contract Advances owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

49

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Contract Note or Contract Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Contract Note or Notes a new Contract Note to the order of such Eligible

Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Contract Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Contract Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Contract Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any Auction Note or Notes held by it.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); PROVIDED, HOWEVER, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, and (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

(h) If any Lender shall make any demand for payment under Section 2.12(b), then within 30 days after any such demand (if, but only if, such demanded payment has been made by the Borrower to such Lender), the

Borrower may, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both shall then have occurred and be continuing, demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower all (but not less than all) of such Lender's Commitment and the Advances owing to it within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods, if any, for such Advances. If any such Eligible

Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Lender's Commitment or Advances, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (h) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by the Borrower, if such Eligible Assignee (i) shall agree to such assignment by entering into an Assignment and Acceptance with such Lender and (ii) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under the Note made by the Borrower to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above and payable by the Borrower as a condition to the Borrower's right to demand such assignment), or otherwise.

(i) Anything in this Section 8.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

SECTION 8.08. SUBMISSION TO JURISDICTION. Each of the Borrower, the Lenders and the Agent (i) irrevocably submits to the non-exclusive jurisdiction of any New York State court or Federal court sitting in New York City in any action arising out of this Agreement or the Notes, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum and (iv) consents to the service of process by mail. A final judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

51

SECTION 8.09. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION 8.10. GOVERNING LAW. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 8.11. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in

separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UTILICORP UNITED INC.

By

Name: Dale J. Wolf

Title: Vice President/Finance

CITIBANK, N.A.,
as Agent

By

Name:

Vice President

UTILICORP UNITED INC.
 COMPUTATION OF EARNINGS PER SHARE
 (in millions except per share amounts)

<TABLE>
 <CAPTION>

Line No. -----	Year Ended December 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
EARNINGS AVAILABLE FOR COMMON SHARES:			
1	\$ 79.5	\$ 46.0	\$ 69.8
2	0.6	0.8	1.5
3	4.9	-- (a)	5.4
4	\$ 85.0	\$ 46.8	\$ 76.7
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
5	40.74	34.93	29.39
6	0.66	0.82	1.50
7	2.87	-- (a)	2.92
8	44.27	35.75	33.81
EARNINGS PER COMMON SHARE:			
Primary (1/5)	\$ 1.95	\$ 1.32	\$ 2.37
Fully Diluted (4/8)	1.92	1.31	2.27

<FN>
 (a) The effect of this item was determined to be anti-dilutive. Accordingly,
 it was excluded from the fully diluted earnings per share computation.
 </TABLE>

UTILICORP UNITED
1993 ANNUAL REPORT

TABLE OF CONTENTS

1. Letter to Shareholders
7. Maps of Operations
8. Company Overview
10. Financial Highlights
11. Common Stock Performance
12. Questions and Answers
14. Dynamics of Change
17. Key Events of 1993
17. Operations and Finance
32. Consolidated Financial Statements
36. Notes to Financial Statements
51. Report of Management
51. Report of Independent Accountants
52. Eleven-Year Data
56. Corporate Information
57. Directors and Management

THRIVING ON CHANGE

For most of a decade, UtiliCorp has been at the forefront of change in the utility industry. As a result, today the company is uniquely positioned to succeed in a deregulated energy market. UtiliCorp has launched a variety of service businesses since the early 1980s. It has been active in acquisitions and mergers since 1984. The company has run major, non-regulated power and energy businesses since 1986, and has operated internationally since 1987. The experience and flexibility gained through these early starts will be invaluable as the rate of change in the industry continues to accelerate.

The illustrations in this annual report, painted by Brian Cronin, capture a few of the ways that UtiliCorp adapts to the forces of change that are constantly reshaping its business environment.

DEAR FELLOW SHAREHOLDER:

A year ago I said in the annual report, "I expect UtiliCorp's financial performance to show marked improvement in 1993." Your company's performance DID improve.

Earnings for the year were \$1.95 per common share, up from \$1.32 the year before. We would have earned \$2.05 per share if the Budget Reconciliation Act of 1993 had not raised our tax rate. The higher taxes cost us \$.10 per share.

Most of our businesses performed very well. Revenues were up 21 percent. Income from operations before non-recurring charges increased 19 percent.

We had our first income from a Nebraska gas distribution system that we acquired in early 1993. Electric and gas rate increases also helped earnings. Rates were raised \$16.7 million per year in 1992, and another \$10.6 million per year in 1993. Even with the increases, our utilities remain very competitive in their markets.

DIVIDEND INCREASE. In recognition of the improved results, your board of directors increased the common dividend rate by 5 percent in the 1993 fourth quarter. The annualized dividend is now \$1.68 per share, up from the \$1.60 rate set two years earlier. Since 1985 the annualized rate has doubled, ranking UtiliCorp among the leaders of our industry in cash dividend growth.

REALIZING STRATEGIC VALUE. In October 1993, we achieved a higher market valuation for our energy related businesses segment. This was done through an initial public offering of common shares in Aquila Gas Pipeline Corporation, a unit of UtiliCorp's Aquila Energy subsidiary. Aquila Gas Pipeline owns and operates gas gathering and intrastate pipelines and natural gas processing plants. It is now a separate company owned 82 percent by Aquila Energy and 18 percent by the public.

The book value of that 18 percent was \$28 million, but its recognized market value through the offering was nearly \$76 million, a gain of \$48 million. At the end of 1993,

[PHOTO]
[Caption]

EMBRACING NEW MARKETS

MEANS MOVING WITH SPEED TO KEEP A COMPETITIVE EDGE WHILE BRINGING OUT WELL CONCEIVED, TIMELY AND THOROUGHLY RESEARCHED PRODUCTS AND SERVICES.

the market-to-book-value ratio of Aquila Gas Pipeline was 2.67, compared to 1.57 for UtiliCorp. This confirms the benefit of listing the pipeline company's shares separately so that its assets can be valued more fully in the marketplace.

The gain from the offering provided an opportunity to implement a new strategic plan at Aquila Energy without adversely affecting 1993 earnings. As part of this strategic redirection, we elected to take steps that resulted in a \$45 million after-tax charge for non-strategic gas marketing contracts and the writedown of certain pipeline assets and other investments. The net effect of the gain from the stock offering and the charge for restructuring added about \$3 million to net income.

CHANGES AT AQUILA. By taking a series of strong steps, we have set a new course for Aquila Energy. It is now a very different company, with a new management team, revised strategy and restructured financial base. These changes were prompted in part by the challenges we faced at Aquila in 1992. Apparent improper payments at an Aquila subsidiary resulted in after-tax charges in 1992 totaling \$11.3 million. Our lawsuit seeking damages from two former officers of that unit is expected to go to trial in federal court later in 1994.

Aquila is now poised to move ahead profitably. The new strategy is designed to reduce its business risk and potential volatility while preserving its strengths. Aquila's net income of \$10.7 million in 1993 was a major improvement over its \$10.2 million net loss in 1992. Aquila Gas Pipeline had record earnings as a result of increasing sales volumes and relatively stable prices for natural gas and gas liquids. The revised strategy and restructuring helped Aquila's gas marketing business show a profit in the fourth quarter of 1993. It is positioned for further improvement in 1994. The gas and oil resources business was not profitable in 1993 because of production delays and high depletion rates. Working on improving its performance in 1994, we are encouraged by opportunities to invest profitably in reserves and by improving gas prices. Although Aquila has greatly reduced the volatility of its earnings caused by gas and oil price fluctuations, the movement of natural gas liquids prices will continue to affect results.

INTERNATIONAL GROWTH. About 7 percent of UtiliCorp's 1993 net income came from international activities. This includes the results of West Kootenay Power, a Canadian subsidiary since 1987. We expect that our foreign interests will increase over time as privatizing and consolidating of utilities continues in many countries.

3

Our joint ventures to market natural gas in the United Kingdom contributed their first, modest earnings in 1993. They are positioned to make a greater contribution this year. The British government has asked that the U.K. residential gas market be opened to competition. Upon approval by Parliament, this step will add considerably to our future delivery volumes.

In July 1993, UtiliCorp acquired a 33 percent interest in the WEL Energy Group Ltd., a joint venture with New Zealand's Waikato Electricity Authority, for \$20.8 million. The company has paid an initial \$2.7 million and will pay the remainder over time as needed by WEL Energy for specific utility investments.

THE NEW ENVIRONMENT. Major deregulation of the U.S. natural gas industry was completed in late 1993. Gas companies have been learning a new way of life operating under Order 636 of the Federal Energy Regulatory Commission. Order 636 has shifted more of the risk and responsibility for the supply of natural gas from pipeline companies to distribution utilities like the divisions of UtiliCorp.

In response, we have created a gas supply center in Omaha to serve all our gas utilities in eight states. Bringing together our experts from several parts of the country combines extensive knowledge of this market, strategic location providing broad access to pipeline systems, and the clout of more than half a billion dollars in annual gas purchasing. This helps us remain a competitive, low cost energy supplier.

The electric side of our industry is only part way down the road to deregulation. Our experience dealing with changes in the gas business has prepared us well for what is likely to come in the market for electricity. The open access provision of the National Energy Policy Act of 1992 is gradually turning the nation's transmission grid into a competitive common carrier system that will operate much like interstate gas pipelines do. It also is becoming a reality that electric and gas customers, large or small, will get to choose their suppliers of energy. Their choices will be based on both cost and service.

The electric generation business has also changed. Independent producers have achieved a permanent niche in this market. Our UtilCo Group subsidiary holds interests in 15 power projects and contributed \$3.2 million to net income in 1993.

THE VALUE OF SERVICE. Building on our relationships with customers is becoming more and more important as we challenge competing sources of energy and introduce a

4

range of new services. Our goal is to become a total energy supply and services provider offering the best possible solutions to each customer's energy needs.

The employee-shareholders of your company are already demonstrating they can do this successfully. They are proposing innovative ways to serve our customers and helping to reduce our operating costs. They are also starting up new UtiliCorp businesses like coal brokering and customized industrial and commercial gas services. The resulting array of new enterprises are enhancing our ability to provide energy solutions.

Independent research shows that our utilities consistently rank among the best in the country in customer satisfaction. Again, the commitment of our employee-owners is making a difference. More than 90 percent of our employees own UtiliCorp common stock and as a group they are the largest bloc among our retail holders. The caring attitude fostered by ownership is evident as our people take up new challenges and responsibilities with enthusiasm.

MANAGEMENT CHANGES. In 1993 we formed a managing council of senior officers to guide the further evolution of UtiliCorp's strategy. Those joining me on the council are managing executive vice president Bob Green and managing senior vice presidents Joe Colosimo and Bob Howell.

Other officer level changes shifted some responsibilities and added depth to our corporate staff, particularly in the areas of marketing, strategic planning and gas supply. Two vice presidents are new to the company. We welcome their knowledge of the deregulation process gained through many years in the telecommunications industry. Leo Morton, formerly a vice president of AT&T Microelectronics, directs performance measurement and process improvement. Bill Burgess, who was a vice president at Bell Atlantic, is developing a new company-wide marketing strategy.

BOARD OF DIRECTORS. Bob Green was named to the board of directors in November 1993, increasing its membership to nine. Bob oversees all of the company's utility operations. He maintains a keen focus on our goals of continually improving customer service and being a low cost, competitive provider of energy solutions.

THE ROAD AHEAD. I have never been more excited about UtiliCorp's future than I am today. Faced with the challenge of a rapidly changing industry, we must update our strategy more often, adapt to changing markets more quickly, and impart our vision of

5

the future with greater clarity. We expect to improve earnings further as we add utility customers and gain new markets. One of the ways we are meeting the challenge of increased competition is to reduce operating costs. We are achieving annualized savings of about \$20 million, primarily by lowering costs for fuel used in generation and for purchased power capacity.

We are capable of again doubling the size of your company as suitable opportunities arise to merge or acquire. We will not expand just to be bigger. To be worthwhile, our future growth must help us be of greater service to our customers. It must also enable us to become more efficient, more competitive and more profitable.

The changes taking place in our industry are in many ways similar to those experienced earlier in transportation, telecommunications and financial services. The companies that thrive and create value in those industries today combine size with agility. They find ways to use emerging technologies to their advantage in both operations and marketing. They know the art of entering and seizing new markets. They are able to compete on cost. And they build strong relationships with customers by providing a broad range of valuable services that extends far beyond their basic product lines.

UtiliCorp has become that kind of company because to succeed, the new model of utility must do all of those things.

Over the past ten years, our shareholders have earned an average total return of more than 20 percent a year. That is a record we want to maintain.

[PHOTO]

Your role in making UtiliCorp's past and future progress possible is greatly appreciated.

Richard C. Green, Jr.
Chairman and President
February 15, 1994

6

[Graphic]

[Graphic]

[Graphic]

[Graphic]

COMPANY OVERVIEW

UTILICORP UNITED

BUSINESS

Parent corporation headquartered in Kansas City, Missouri, formed from Missouri Public Service Company in 1985 to pursue a growth strategy designed to build financial strength and spread basic business risks.

MARKETS

Common stock traded on the New York, Pacific and Toronto stock exchanges under the symbol UCU; 85,000 shareholders with 42 million common shares outstanding at the end of 1993.

ENVIRONMENT

UtiliCorp has extensive experience in managing both regulated and non-regulated operations. Currently competition is increasing in all of the company's businesses.

ELECTRIC OPERATIONS

BUSINESS

Generation and mostly retail distribution of electricity by three divisions and one Canadian subsidiary. Generation in the U.S. is primarily from coal, and in Canada is all from hydroelectric facilities.

MARKETS

Approximately 418,000 electric utility customers in Missouri, Kansas, Colorado, West Virginia and British Columbia. Areas served range in density from suburbs of Kansas City to mostly rural regions.

ENVIRONMENT

State and provincial regulatory commissions establish the rates paid by retail customers. Changes in federal regulation could allow heightened competition from non-regulated power providers and from other utilities.

GAS OPERATIONS

BUSINESS

Supply and distribution of natural gas by six divisions. Operations include transportation of gas for certain large-volume customers.

MARKETS

Approximately 740,000 gas utility customers in Missouri, Kansas, Colorado, Nebraska, Iowa, Minnesota, Michigan and West Virginia. Areas served range in density from the capital city of Lincoln, Nebraska to mostly rural regions.

ENVIRONMENT

State regulatory commissions set retail rates, except in Nebraska where rates are set by communities. Federal regulation has changed to allow open competition for many types of customers.

ENERGY RELATED BUSINESSES

BUSINESS

Gathering, transporting, processing and marketing of natural gas and natural gas liquids, and acquisition and production of gas and oil reserves, through units of the Aquila Energy subsidiary.

MARKETS

Gathering and processing facilities in Texas and Oklahoma serve producers of natural gas and gas liquids and users of gas feedstocks. Gas marketing serves large volume users of natural gas throughout most of North America.

ENVIRONMENT

All businesses of Aquila Energy operate in a highly competitive environment. The gathering and processing activities are centered in very active gas producing regions.

8

INDEPENDENT POWER PRODUCTION

BUSINESS

Ownership interests in 15 power and cogeneration projects in six states through the UtilCo Group subsidiary. Six of the projects are fueled by natural gas, three by coal and six by hydro power.

MARKETS

Plants in Maine, New York, Pennsylvania, Florida, California and Washington sell power wholesale to local utilities under long-term contracts and provide electric and thermal energy to industrial facilities.

ENVIRONMENT

Under the Public Utility Regulatory Policies Act of 1978, utility-owned independent power producers are exempt from certain rate-setting and siting regulations, and utilities are obligated to buy their excess power output.

U.K. GAS MARKETING JOINT VENTURES

BUSINESS

Joint ventures with six British regional electric companies to market natural gas in the United Kingdom. Gas deliveries are made through existing distribution systems owned by British Gas.

MARKETS

New industrial and commercial gas markets in the United Kingdom; expected to expand to residential market by 1997.

ENVIRONMENT

Opportunities continue to be created by deregulation of the British natural gas industry. The retail distribution of natural gas is scheduled to be opened to greater competition in the future.

NEW ZEALAND JOINT VENTURE

BUSINESS

Investments in New Zealand electric utility operations of WEL Energy Group Ltd. through a joint venture arrangement with the Waikato Electricity Authority.

MARKETS

Electric distribution customers in the Waikato region of New Zealand; potential new markets throughout New Zealand under industry deregulation.

ENVIRONMENT

Opportunities created by the start of privatization and restructuring of New Zealand's electric utility industry; deregulation takes effect in April 1994.

OTHER NON-REGULATED BUSINESSES

BUSINESS

Water and wastewater management; billing-related services for utilities; appliance repair and maintenance; propane distribution; coal brokering; various other utility and energy services.

MARKETS

Residential utility customers; other municipal and investor-owned utilities; industrial end-users.

ENVIRONMENT

All are competitive, non-regulated businesses.

9

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

IN MILLIONS EXCEPT PER SHARE	1993	1992	% Change
<S>	<C>	<C>	<C>
Revenues	\$1,571.6	\$1,298.9	21.0%
Income from operations before charges (a)	222.0	186.7	18.9
Income from operations	152.2	169.0	(9.9)
Net income	86.4	52.9	63.3
Primary earnings per common share	\$01.95	\$01.32	47.7%
Cash dividends per common share	1.62	1.60	1.3
Book value per common share	20.27	18.66	8.6
Primary average common shares outstanding	40.74	34.93	16.6
Total assets	\$2,850.5	\$2,552.8	11.7%
Total capitalization and short-term debt (b)	2,017.1	1,883.8	7.1
Common equity/capitalization and short-term debt	42.2%	35.1%	20.2
Return on average common equity	9.84%	6.93%	42.0

<FN>
(a) RESTRUCTURING CHARGE OF \$69.8 MILLION IN 1993 AND UNUSUAL LOSS PROVISION OF \$17.7 MILLION IN 1992.
(b) INCLUDES CURRENT MATURITIES OF LONG-TERM DEBT. SHORT-TERM DEBT DOES NOT REPRESENT PERMANENT CAPITAL, AND WILL BE FINANCED WITH DEBT AND EQUITY SECURITIES CONSIDERING FINANCIAL MARKET CONDITIONS.

</TABLE>

<TABLE>
<CAPTION>

REVENUES
(\$ MILLIONS)

93	92	91
<S>	<C>	<C>
1,571.6	1,298.9	1,075.2

</TABLE>

<TABLE>
<CAPTION>

TOTAL CAPITALIZATION AND SHORT-TERM DEBT
(\$ MILLIONS)

93	92	91
<S>	<C>	<C>
2,017.1	1,883.8	1,800.4

</TABLE>

<TABLE>
<CAPTION>

INCOME FROM OPERATIONS BEFORE CHARGES*
(\$ MILLIONS)

93	92	91
<S>	<C>	<C>
222.0	186.7	196.0

</TABLE>

<TABLE>
<CAPTION>

RETURN ON AVERAGE COMMON EQUITY
(PERCENT)

93	92	91
<S>	<C>	<C>
9.84	6.93	13.32

<FN>

*See note (a) above.

</TABLE>

<TABLE>
<CAPTION>

NET INCOME
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	86.4	52.9	77.6

</TABLE>

<TABLE>
<CAPTION>

AVERAGE DAILY TRADING VOLUME
(THOUSAND SHARES)

	93	92	91
<S>	<C>	<C>	<C>
	72.3	73.3	56.3

</TABLE>

<TABLE>
<CAPTION>

EARNINGS PER SHARE VS.
DIVIDENDS PAID
(DOLLARS)

	93	92	91
<S>	<C>	<C>	<C>
Earnings Per Share	1.95	1.32	2.37
Dividends Paid	1.62	1.60	1.54

</TABLE>

<TABLE>
<CAPTION>

MARKET VS.
BOOK VALUE PER SHARE
(DOLLARS)

	93	92	91
<S>	<C>	<C>	<C>
Market	31.75	27.63	28.50
Book Value Per Share	20.27	18.66	19.18

</TABLE>

10

[Graph]

IMPORTANT 1994 DATES FOR SHAREHOLDERS

<TABLE>
<CAPTION>

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
<S>	<C>	<C>	<C>	<C>
DIVIDENDS (a) DECLARATION DATES				
Dividends are declared by the board of directors on:	Feb. 2	May 3	Aug. 3	Nov. 2
RECORD DATES				
To qualify for a dividend, shares must be recorded by:	Feb. 18	May 19	Aug. 19	Nov. 18
PAYMENT DATES (b)				
Preference dividend checks should be received on:	March 1	June 1	Sept. 1	Dec. 1
Common dividend checks should be received on:	March 12	June 12	Sept. 12	Dec. 12
DIVIDEND REINVESTMENT (c) COMMON DIVIDENDS REINVESTED				
Dividends for Plan participants are reinvested by the company with a 5% discount on:	March 12	June 12	Sept. 12	Dec. 12

OPTIONAL CASH PAYMENTS (c)				
For the purchase made on the 12th of each month,	Jan. 11	April 11	July 11	Oct. 11
First Chicago Trust Company of New York	Feb. 11	May 11	Aug. 11	Nov. 11
must receive optional cash payment by:	March 11	June 10	Sept. 9	Dec. 9

QUARTERLY STATEMENT OF ACCOUNT				
Statements for Plan participants are mailed:	Late March	Late June	Late Sept.	Late Dec.

ANNUAL MEETING
 Convenes at 10:00 a.m. at Bartle Hall's Grand Hall,
 301 West 13th Street, Kansas City, Missouri, on: May 4

- <FN>
- (a) DECLARATION OF DIVIDENDS, DIVIDEND RATES AND THE DATES SHOWN ARE SUBJECT TO THE DISCRETION OF DIRECTORS OF UTILICORP UNITED. DATES PROVIDED HAVE BEEN PREPARED ASSUMING PAST PATTERNS WILL CONTINUE. HOWEVER, THE COMPANY DOES NOT AND CANNOT MAKE ANY ASSURANCES THAT ANY OR ALL OF THE EVENTS LISTED WILL OCCUR ON DATES SHOWN, IF AT ALL. UTILICORP RESERVES THE RIGHT TO AMEND, SUSPEND OR TERMINATE THE DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN AT ANY TIME. PLAN PARTICIPANTS WILL BE NOTIFIED OF ANY CHANGES IN WRITING.
 - (b) IF YOU DON'T RECEIVE YOUR DIVIDEND CHECK ON THE PAYMENT DATE, PLEASE ALLOW REASONABLE TIME FOR POSTAL DELAYS BEFORE INQUIRING.
 - (c) PLEASE REFER TO THE LATEST PROSPECTUS OF THE DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN DATED MAY 7, 1992. TO REQUEST A PROSPECTUS AND AN ENROLLMENT CARD, CALL TOLL-FREE IN THE U.S. AND CANADA: (800) 487-6661.

</TABLE>

11

QUESTIONS AND ANSWERS

WITH THE INDUSTRY FACING INCREASED COMPETITION, CREDIT RATING AGENCIES AND SOME INDUSTRY ANALYSTS HAVE VOICED PESSIMISM ABOUT THE OUTLOOK FOR UTILITIES. DO YOU FEEL THAT VIEW IS WARRANTED?
 We are very optimistic, not pessimistic, about the future. We believe that deregulation will produce a lot more opportunities than risks, at least for UtiliCorp.

In the future, we will increasingly be selling services, particularly those related to the acquisition, transportation and management of energy. If the company remains solely a provider of gas and electricity as commodities, margins will get smaller as competition increases. Being a comprehensive energy and services provider holds the greatest promise for continued profitability and growth.

HOW WILL COMPETITION AFFECT YOUR PLANS TO SEEK ELECTRIC AND GAS RATE INCREASES IN THE FUTURE?
 Competition will very definitely influence the tactics and strategy employed in seeking future rate increases.

In late 1993, our West Kootenay Power subsidiary in Canada filed a request for rate increases in 1994 and 1995 totaling approximately \$11 million. But first, West Kootenay Power took several steps to cut its operating costs. These included refinancing several million dollars in high coupon debt and preference stock, and the sale-leaseback of a new headquarters.

Last year, our Missouri Public Service division received approval for a new rate tariff that allows higher rates during the summer when demand is highest and higher-cost generating facilities must be used. Lower rates are applied during the remainder of the year when lower-cost generation is used. This approach helped us hold down the overall increase in rates.

In the future, we also plan to ask regulators to approve higher authorized returns on equity. We believe that higher returns are justified over the long term because of the increased competitive risks faced by utilities today.

DO YOU FORESEE A RECURRENCE OF THE SUPPLY PROBLEMS THAT HURT THE NATURAL GAS INDUSTRY IN THE 1970S?
 While supply and demand for natural gas are coming into balance, we do not believe there will be a recurrence of the gas shortages that hurt the industry in the 1970s.

Although the average prices of natural gas increased during the 1993-94 heating season, we had no difficulty in securing supplies for any of the customers in our eight-state service area. Some of the required volume is actually purchased on a day-to-day basis while some is purchased under contracts of several months' duration.

We believe the trend of higher prices this year reflects a closer balance of supply and demand. For many years, the gas industry has dealt with a prolonged period of oversupply, commonly known as the "gas bubble." This situation kept

natural gas prices very low. High demand brought on by periods of extremely cold weather this winter in the Upper Midwest, Northeast and East and a general increase in demand from new markets have contributed to the increased prices brought on by a balance of supply with demand.

WHAT ARE YOU DOING ABOUT THE ISSUE OF ELECTRIC AND MAGNETIC FIELDS AND THEIR POSSIBLE EFFECT ON PEOPLE?

Some of our customers have expressed concerns about the presence of electric and magnetic fields (EMF) in their homes or workplaces. In those instances, representatives from our electric utilities offer to measure the strengths of magnetic fields in those areas that may be of concern. We also distribute information to customers about the latest findings in ongoing EMF research.

In an effort to help speed the progress of that research, UtiliCorp has made a \$900,000 commitment over three years to fund construction of an EMF human exposure test facility at Kansas City-based Midwest Research Institute. That organization is conducting EMF research in cooperation with the U.S. Department of Energy, the U.S. Environmental Protection Agency, the New York

12

State Department of Health and the utility industry's Electric Power Research Institute.

WHY HAVE YOU CHOSEN TO HAVE ONLY MINORITY INTERESTS IN YOUR VENTURES IN THE UNITED KINGDOM AND NEW ZEALAND?

The partnership arrangements are part of our strategy of taking measured steps in entering foreign markets. This approach enables us to earn attractive market returns without incurring inappropriate political or currency risks.

The strategy is proving successful. Although we don't have majority ownership in our New Zealand or U.K. ventures, we have established business relationships with our partners that allow us to spread our risks across many investments and reap appropriate returns.

In the U.K., our partners are six regional electric utilities with substantial service territories. Their name recognition has enabled the gas marketing ventures to achieve rapid growth in the business of selling gas to large volume users. Our partner relationships will continue to be important as competition is opened in other sectors of the U.K. natural gas market.

In New Zealand, we expect to have additional investment opportunities as a result of our 33 percent ownership of WEL Energy Group Ltd.

HOW DOES UTILICORP INTEND TO CAPITALIZE ON TECHNOLOGICAL CHANGE IN THE UTILITY INDUSTRY?

UtiliCorp has made a modest investment in research and development of advanced energy technologies that will give us access to leading edge knowledge and products. We have invested \$3.1 million in a venture capital fund that provides start-up funding and management expertise for more than 40 companies that are developing and marketing technologies and services with potential applications in the utility industry.

Utech Venture Capital Funds holds a portfolio of companies that specialize in technologies like photovoltaics, fuel cells, superconductors and artificial intelligence. Other companies supported by Utech specialize in services like demand-side management and automation of utility operations such as maintenance of overhead electric distribution and transmission lines.

Our partnership with Utech gives us a close-up view of how some of these technologies will transform our business and also provides us opportunities to participate in the testing of some of these products and processes. We also have the opportunity to take a direct ownership position in any company that we believe would complement our core business.

WAS UTILICORP ABLE TO TAKE ADVANTAGE OF LOW INTEREST RATES DURING THE PAST YEAR?

During 1993 we refinanced approximately \$96.5 million in high coupon debt, replacing it with lower interest debt. This resulted in an annualized savings in interest expense of approximately \$3.5 million. These refinancings will increase primary earnings per common share by \$.05 per share based on shares outstanding at December 31, 1993.

WHY DID YOU RECENTLY CALL THE ENTIRE SERIES OF UTILICORP'S \$1.775 CONVERTIBLE PREFERENCE STOCK FOR REDEMPTION?

Redemption of this series of relatively high coupon preference stock in May 1994 will result in an annual savings of at least \$5.1 million in preference dividend payments. However, we expect that most of the holders of Preference Series \$1.775 will exercise their option to convert their shares to UtiliCorp common stock. After considering the additional common shares that are expected to be issued, primary earnings per common share would not be significantly affected.

UtiliCorp presently has about 2.8 million shares of Series \$1.775 Preference Stock outstanding. On February 2, 1994, the UtiliCorp Board of Directors approved a resolution authorizing the company to redeem all of those shares on May 26, 1994 at a price of \$21.60 per share plus accrued dividends. Those who choose the conversion option will receive .9682 shares of common for each share of \$1.775 preference.

HOW SOON WILL IT BECOME NECESSARY FOR YOUR ELECTRIC UTILITIES TO BUILD ANY NEW

POWER PLANTS?

We expect that new peaking and intermediate-load generating plants will need to be in service before the year 2000 at Missouri Public Service and WestPlains Energy.

At WestPlains, we are planning to build a new 125-megawatt power facility to serve the division's Colorado customers. Under present conditions, a gas-fired, combined-cycle plant is the lowest-cost option for new capacity in the southeastern Colorado energy market.

At Missouri Public Service, about 400 megawatts of new and repowered capacity is likely to be needed by the end of the decade. That would meet growing demand in the division's service area and offset the expiration of existing, long-term power purchase agreements with other utilities. The Missouri Public Service resource plan also includes various energy conservation or demand-side management programs and other purchased power agreements.

13

DYNAMICS OF CHANGE

SUCCESSFUL UTILITIES OF THE FUTURE WILL BE THOSE THAT ADAPT TO THE DYNAMICS OF CHANGE AND SERVE THEIR CUSTOMERS BETTER THAN ANY COMPETITORS. BUT WHAT ARE THE CUSTOMERS' REAL NEEDS? HOW DO WE GO ABOUT MEETING THEM BETTER THAN ANYONE ELSE?

AT UTILICORP, WE BELIEVE THAT GETTING THE RIGHT ANSWERS TO THOSE QUESTIONS REQUIRES PARTNERSHIPS WITH OUR CUSTOMERS. WE MUST PROVIDE EXTRAORDINARY SERVICE FOCUSED ON HELPING OUR CUSTOMERS ACHIEVE THEIR GOALS AND ULTIMATE SUCCESS.

HERE ARE TWO EXAMPLES OF HOW WE ARE DOING JUST THAT.

GAS SUPPLY - THE NEW BATTLE ZONE

It's 2 p.m. and Trent Cozad has a dilemma.

Cozad, a gas buyer for UtiliCorp Gas Supply Services, is agonizing over whether he should lock in a price of \$2.05 per thousand cubic feet (MCF) for a quantity of gas destined for a large volume customer. Normally he would wait until the next day before making this commitment.

But worrisome pricing signals are occurring. It's late January and natural gas prices for February on the futures market of the New York Mercantile Exchange (NYMEX) have shot up to a high of \$2.55 per MCF.

"It would appear that today the NYMEX reflects market conditions in the East and Northeast and ignores what's happening in the Midwest," observes Dan Warnock, team leader for the Omaha-based gas supply group. "Adequate supplies are available."

Nevertheless, that \$2.05 price is looking very attractive. The revised weather forecast predicts colder weather in the service territory and the cash market is likely to begin trending up. After consulting with colleagues in the Gas Supply Services trading room and reviewing alternatives with the customer, Cozad finally places an order.

"Timing is everything," Warnock says. "It's hard on the nerves to be buying gas at \$2.05 when we were getting it at \$1.90 or less a month ago. But from numerous conversations with suppliers throughout the U.S. and Canada, it's clear that the market is trending up."

Such is the world of gas supply today. It's a world ruled by the law of supply and demand.

Dozens of natural gas producers vie with each other to sell their commodity. Meanwhile, utilities, marketers, and even large industrial users are perfecting strategies to buy their gas at the most economical costs possible.

These competitive forces were effectively unleashed in November 1993 upon implementation of Federal Energy Regulatory Commission (FERC) Order 636. The order was the last of several by the FERC that have deregulated the natural gas industry.

The widespread geography of UtiliCorp's service area is proving to be a critical strategic advantage in this increasingly dynamic marketplace.

In mid-January 1994, when bitterly cold temperatures settled in for an extended stay across the Upper Midwest, UtiliCorp's Michigan Gas Utilities division experienced a record surge in demand from its 132,000 customers. The options were not favorable. The division could pay steep financial charges for the additional gas needed during the period of peak demand. Or, it could curtail service to some of its largest volume users.

UtiliCorp's geographic diversity provided a third alternative.

The Gas Supply Services team made arrangements to move supplies to Michigan Gas from the storage account of UtiliCorp's Northern Minnesota Utilities division. The gas was being stored on a pipeline system that had access to the northern reaches of the interstate system serving Michigan Gas. Due to differing weather conditions, the gas was not needed by Northern Minnesota Utilities.

The maneuver allowed Michigan Gas to avoid potential financial charges ranging up to \$300,000 and to keep its customers on line.

During an earlier cold snap in December 1993, a similar innovative maneuver allowed Peoples Natural Gas to avoid customer service interruptions or financial penal-

ties. Peoples had received notice from its main interstate pipeline transporter that some large interruptible customers in Dubuque, Iowa would have to be curtailed because the pipeline's capacity would be fully utilized by its firm customers.

The Gas Supply team stepped forward with a plan to swap gas that had been bought and stored by Michigan Gas Utilities for gas on the interstate pipeline system. The arrangement enabled the pipeline to deliver all the gas needed by Peoples' Dubuque customers in exchange for storage gas delivered to a pipeline receiving point beyond the constrained area.

Success in a competitive environment will depend on actions such as these. Managing energy costs for customers, as well as keeping the customers on line, will be a springboard for building a base of new business.

"There are tremendous opportunities to increase our market share," says Jon Empson, UtiliCorp vice president responsible for gas supply. "It all hinges on building a successful track record in the markets we serve."

PARTNERING, NOT JUST MARKETING

It was a problem most small business owners love to have. A boom in demand for the multi-layer circuit boards produced by Colt Technology Corporation, based in Lenexa, Kansas, was creating a critical need for more manufacturing space.

Bob Lynn, owner of privately-held Colt Technology, early in 1992 began searching for a site for another manufacturing plant. Not surprisingly, the company was inundated with proposals.

One of them came from Missouri Public Service. UtiliCorp's largest electric utility submitted a proposal that included the sale to Colt of a company-owned site in Lee's Summit, Missouri and a comprehensive package of design and engineering services for construction of the new facility.

"We essentially proposed to become a partner with them in all phases of their project," says Randy Lennan, Director, Major Accounts for Missouri Public Service.

The partnership approach worked. Colt purchased the Missouri Public Service site in Lee's Summit, a growing community of about 50,000 located on the eastern edge of metropolitan Kansas City.

The strength of the partnership was quickly tested. The company's small size created difficulties in obtaining the financing necessary to begin construction of the 140,000-square-foot manufacturing plant. Missouri Public Service and the city of Lee's Summit stepped forward with a package of financial and tax incentives that helped persuade lenders that the project was viable.

Then, another hurdle loomed. The company needed a cost-effective, high efficiency heating and cooling system to keep temperature and humidity inside the manufacturing facility within a narrow band year-round. A controlled environment was critical if the company hoped to maintain its reputation for manufacturing high quality components for computers and telecommunications equipment.

Missouri Public Service stepped forward again with a design for a closed-loop electric heat pump system. The design uses a high efficiency water loop heat pump to move the heat produced by equipment in manufacturing areas to exterior walls of the building while maintaining improved levels of comfort. Installation and ongoing energy and maintenance costs of this computer-controlled, all-electric system are lower than comparable natural gas systems.

When assistance was needed in soliciting and evaluating bids from suppliers of heating, cooling and lighting equipment for the new facility, Missouri Public Service again stepped forward. Lennan evaluated bid specifications, sent out requests for proposals, tabulated results and finally delivered his recommendations.

"In evaluating the customer's needs, we felt that the all-electric system represented the best option for keeping their business as competitive as possible with the best technology available," Lennan says. "We demonstrated that the electric system we designed for them would be the most cost-effective and efficient energy system option.

"If we hadn't been able to do that, we would have recommended they go with a gas system. We want them to be our customers for a long time to come."

Over the next five years, the new Colt Technology facility is expected to result in \$1 million in electric sales. The company expects to employ about 200 people at the new facility when it is fully operational.

"This was a huge step for them. They were tripling the size of their business, which is not an easy jump for any company," Lennan says. "We knew that if they were going to be successful, we had to be as committed to their success as they were."

[Graphics]
[Caption]

RESPONDING TO CHANGE
TODAY REQUIRES ALERTNESS AND VISION, AND ALSO BECOMES MORE CHALLENGING
AND MORE URGENT AS THE SPEED OF CHANGE CONTINUES TO ACCELERATE.

OPERATIONS
AND FINANCE

KEY EVENTS OF 1993

- - Consolidated net income in 1993 was \$86.4 million, or \$1.95 per common share, a major improvement over 1992 results of \$52.9 million net income or \$1.32 per share.
- - In November 1993, the board of directors increased the quarterly common dividend rate by 5%, to \$.42 per share. The annualized dividend rate is now \$1.68.
- - The Nebraska gas distribution system acquired in February 1993 contributed revenues of \$97.9 million for the year and made a significant contribution to the company's improved financial results.
- - UtiliCorp realized a gain of \$47.8 million in October from an initial public offering of 18% of the common shares of Aquila Gas Pipeline Corporation, a unit of the company's Aquila Energy subsidiary.
- - Also in the fourth quarter, the company recorded a restructuring charge of \$69.8 million (\$45 million after tax) related to a revised strategy for Aquila Energy. The net effect of the gain from the stock offering and the charge for restructuring added about \$3 million to net income.
- - Earnings reflected the full-year effect of electric and gas rate increases totaling \$16.7 million per year implemented during 1992 as well as increases totaling \$10.6 million per year implemented in 1993.
- - Higher tax rates resulting from the Budget Reconciliation Act of 1993 reduced earnings by \$.10 per share.
- - In response to further deregulation of the natural gas industry brought about by the Federal Energy Regulatory Commission's Order 636, UtiliCorp established a gas supply center in Omaha to serve all the company's gas utility operations in eight states.
- - In early 1993, UtiliCorp issued 5.3 million new common shares in a public offering. The net proceeds of \$144.7 million were used to reduce short-term debt incurred for construction and acquisitions and for general corporate purposes.

OVERVIEW

EXCEPT WHERE NOTED, THE FOLLOWING DISCUSSION REFERS TO THE CONSOLIDATED ENTITY, UTILICORP UNITED INC., INCLUDING ITS THREE OPERATING SEGMENTS: ELECTRIC OPERATIONS, GAS OPERATIONS AND ENERGY RELATED BUSINESSES. THE LATTER INCLUDES THE CONSOLIDATED OPERATIONS OF AQUILA ENERGY CORPORATION (AQUILA), A WHOLLY-OWNED SUBSIDIARY. SIGNIFICANT EVENTS AND TRENDS ARE PRESENTED WHICH HAVE HAD AN EFFECT ON THE OPERATIONS OF THE COMPANY DURING THE THREE-YEAR PERIOD ENDED DECEMBER 31, 1993. ALSO PRESENTED ARE FACTORS WHICH MAY AFFECT FUTURE OPERATING RESULTS, FINANCIAL POSITION AND LIQUIDITY. THIS DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES.

1993 FOCUS. The company in 1993 focused on its growth strategy and the improvement of earnings. Successful electric and gas rate cases and more normal winter and summer weather allowed the company to achieve the expected improvements. Additionally, the company changed the strategic direction of its Aquila subsidiary. This action included an initial public offering of common shares of an Aquila subsidiary and the recording of a restructuring charge, which together resulted in a one-time net gain of about \$3 million, net of tax.

17

ELECTRIC OPERATIONS

THE COMPANY'S ELECTRIC SEGMENT INCLUDES THE ELECTRIC OPERATIONS OF MISSOURI PUBLIC SERVICE, WEST KOOTENAY POWER, WEST VIRGINIA POWER AND WESTPLAINS ENERGY
(ACQUIRED IN SEPTEMBER 1991).

<TABLE>

<CAPTION>

THREE-YEAR REVIEW-Electric Operations		YEAR ENDED DECEMBER 31,		
DOLLARS IN MILLIONS		1993	1992	1991
<S>	<C>	<C>	<C>	<C>
REVENUES		\$546.9	\$507.8	\$379.4
EXPENSES:				
Fuel and purchased power		197.3	191.4	125.8
Other operations and maintenance		184.3	165.3	125.5
Depreciation and amortization		45.9	41.7	31.5
TOTAL EXPENSES		427.5	398.4	282.8
INCOME FROM OPERATIONS		\$119.4	\$109.4	\$ 96.6
Identifiable assets		\$1,162.0	\$1,055.2	\$1,026.0
Capital expenditures		87.4	98.1	65.6
Electric sales (MWH 000's)		9,924	9,091	7,072
Number of customers		417,884	410,826	402,135
Number of employees		1,948	1,906	1,900

</TABLE>

SEGMENT HIGHLIGHTS

With the acquisition of WestPlains Energy in September 1991, electric revenues and income from operations have increased 44% and 24%, respectively, over the past three years. In 1993 electric revenues increased 8% compared to 1992 and income from operations increased 9%.

REVENUES

Electric revenues are based on rates authorized by various regulatory jurisdictions which result in differing rate designs and margins. Electric revenues have increased most significantly during the past three years as a result of the acquisition of WestPlains Energy. This division contributed revenues of \$45.1 million in the fourth quarter of 1991, \$176.3 million in 1992 and \$180.5 in 1993.

Total electric revenues increased each year due to the growth in the number of customers and rate increases implemented during the three-year period. Favorable weather affected revenues positively in 1991, while unseasonably cool summer weather reduced electric revenues in 1992. Summer weather returned to near normal in 1993.

In June 1993 a rate increase of \$4.9 million per year and a new rate design became effective at Missouri Public Service. The rate increase primarily reflects the investment in a conversion to low-sulfur coal to meet clean air standards and the final costs of renovating the Sibley Generating Station. The new rate design increased rates during the summer when demand is highest and lowered rates in the winter.

West Kootenay Power received annual rate increases of \$2.9 million per year effective in January 1991 and \$5.6 million effective in June 1993. The latter increase replaces interim rate changes of \$3.2 million and \$3.7 million which had been in effect since January 1992 and January 1993, respectively. These increases were needed primarily to recover higher costs associated with facility improvements, costs of purchased power and inflation. West Kootenay Power anticipates modest rate relief during the next five years, primarily to recover costs related to purchased power and ongoing improvements and additions to facilities.

Under settlement agreements related to its acquisition, WestPlains Energy was precluded from requesting an increase in Kansas retail rates for implementation prior to October 1, 1993. Similarly, it will not request an increase in Colorado retail or wholesale rates to be effective before October 1, 1994. Recovery of fuel and purchased power

18

cost will continue to be permitted through mechanisms in place prior to the acquisition.

EXPENSES

Since 1991, operating expenditures for fuel and purchased power have increased primarily as a result of the WestPlains Energy acquisition and growth in the number of customers unrelated to acquisitions. During this period, fuel prices

were relatively stable and purchased power was available at a reasonable cost. In 1991 the increase in these costs was partially offset by purchasing spot market coal and renegotiating coal supply and rail contracts, both at favorable prices. These savings continued into 1992 and 1993. In 1993 significant additional savings were achieved by renegotiating another major coal supply contract.

Other segment expenses have increased over the three-year period reflecting primarily the WestPlains acquisition, inflation and greater depreciation expense due to additional plant placed in service during the period.

CAPITAL EXPENDITURES

The company's largest capital project over the past several years has been rebuilding the 491-megawatt (MW) Sibley Generating Station. Begun in 1986, the \$70 million project was completed in 1992, adding another 20 years to the economic life of the facility. The renovation cost only about 7% of what it would have cost to construct a new coal-fired plant of similar capacity. During 1993, the company completed its three-year, \$45 million project converting the Sibley plant to low-sulfur coal.

The 1994 capital budget provides \$90 million for electric operations. Electric construction expenditures through 1998 are expected to average \$109 million per year.

ENVIRONMENTAL MATTERS

Completion of the Sibley coal conversion project has enabled the company to comply with all environmental standards established by the Clean Air Act Amendments of 1990 without installing costly scrubbers. The company has secured multiple contracts of varying lengths for low-sulfur western coal and related transportation. Successful test burns of low-sulfur coal were conducted during early 1993, and the conversion was completed later in the year. The change in coal supply has not increased Sibley's fuel costs.

OUTLOOK

The open access provision of the National Energy Policy Act of 1992 is gradually increasing competition in the supply of electricity. While such change brings uncertainty, it also brings opportunity. In order to take advantage of this a utility must maintain high levels of customer service and be competitive in terms of cost. The company's electric divisions have ranked high in customer satisfaction surveys and its efforts to increase the efficiency of its electric operations are ongoing.

The company expects the current level of growth in the number of electric customers and demand for power to continue over the next few years. Additional generating capacity is likely to be needed toward the end of this decade. Long-term capacity plans, including a combination of purchased power, conservation and load management, and construction of additional capacity, are frequently updated. These combined alternatives are expected to be adequate to meet future capacity requirements. West Kootenay Power is currently considering several hydroelectric developments to meet future load growth.

<TABLE>
<CAPTION>

REVENUES: ELECTRIC (\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	546.9	507.8	379.4

</TABLE>

<TABLE>
<CAPTION>

INCOME FROM OPERATIONS: ELECTRIC (\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	119.4	109.4	96.6

</TABLE>

<TABLE>
<CAPTION>

HISTORICAL CAPITAL EXPENDITURES: ELECTRIC (\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
SIBLEY REBUILDING	0	3.4	8.8
COAL CONVERSION	16.6	23.9	2.1
OTHER	70.8	70.8	54.7

TOTAL	87.4	98.1	65.6
-------	------	------	------

<TABLE>
<CAPTION>

ESTIMATED CAPITAL EXPENDITURES: ELECTRIC
(\$ MILLIONS)

	98	97	96	95	94
<S>	<C>	<C>	<C>	<C>	<C>
	116	113	122	104	90

GAS OPERATIONS

THE COMPANY'S GAS SEGMENT INCLUDES GAS OPERATIONS OF
MISSOURI PUBLIC SERVICE, KANSAS PUBLIC SERVICE, PEOPLES NATURAL GAS,
NORTHERN MINNESOTA UTILITIES, MICHIGAN GAS UTILITIES AND WEST VIRGINIA POWER.

<TABLE>
<CAPTION>

THREE-YEAR REVIEW-Gas Operations	YEAR ENDED DECEMBER 31,		
<S>	<C>	<C>	<C>
DOLLARS IN MILLIONS	1993	1992	1991
REVENUES	\$686.1	\$515.7	\$496.0
EXPENSES:			
Gas purchased for resale	443.4	331.3	318.8
Other operations and maintenance	148.4	118.4	112.6
Depreciation and amortization	28.6	24.4	22.4
TOTAL EXPENSE	620.4	474.1	453.8
INCOME FROM OPERATIONS	\$ 65.7	\$ 41.6	\$ 42.2
Identifiable assets	\$716.9	\$579.3	\$530.1
Capital expenditures	53.1	51.7	68.4
Gas sales and transportation (BCF)	261	230	228
Number of customer	740,354	599,316	581,653
Number of employees	2,280	1,997	1,930

</TABLE>

SEGMENT HIGHLIGHTS

Largely reflecting the acquisition of the Nebraska gas system of Arkla, Inc. during the first quarter of 1993, gas revenues increased 38% and income from operations increased 56% over the past three years. In 1993 gas revenues increased 33% compared to 1992 and income from operations increased 58% during the same period.

REVENUES

Gas revenues are based on rates authorized by various regulatory jurisdictions, which result in differing rate designs and margins. The Nebraska acquisition, now operated as a part of Peoples Natural Gas, contributed revenues of \$97.9 million in 1993. Rate increases at a number of the company's gas divisions during the last three years and customer growth unrelated to acquisitions also increased revenues. Customer usage and revenues are also affected by year-to-year changes in weather. Both 1991 and 1992 had mild winters. Winter weather throughout the company's service territory returned to near normal during 1993. The loss of a large industrial customer and reduced irrigation sales due to wet weather lowered revenues in both 1992 and 1993.

Revenues are affected by variations in the cost of purchased gas and are reduced by customers switching from tariff sales to transportation sales. However, these factors have had no significant effect on income from operations.

The amounts and effective dates of annual rate increases that have been granted are as follows: Missouri Public Service, \$1.9 million in September 1993; Michigan Gas Utilities, \$2.4 million in May 1991 and \$1.1 million in December

1992; West Virginia Power, \$1.4 million in November 1991; Kansas Public Service, \$1.1 million in January 1991 and \$.6 million in June 1992; and Peoples Natural Gas, in Nebraska, \$1.0 million in October 1991; in Kansas, \$2.9 million in November 1992; in Iowa, \$3.3 million in August 1992; in Minnesota, \$5.1 million in June 1992; and in Colorado, \$.8 million in October 1992.

The new rates were requested primarily to recover the cost of ongoing pipeline replacement programs, extension of service to new areas and increases in other operating costs. Additional rate requests are likely as these programs and other facility improvements continue.

EXPENSES

The segment's principal operating expense is gas purchased for resale. Variations in this expense result from the same factors that affect gas revenues, discussed previously. Other gas segment expenses have increased since

20

1991, reflecting primarily the 1993 Nebraska acquisition and the increase in depreciation expense due to additional gas plant placed in service over the three-year period.

CAPITAL EXPENDITURES

In the past five years, the company has spent about \$38 million to replace older pipe. This program to improve system safety and reliability will continue through the 1990s. The expenditures are expected to be recoverable through rates.

During the last three years, the company has spent approximately \$24 million to install piping and extend service to several towns in Iowa, Minnesota, Missouri and Kansas. The company will continue to extend service to new locations as economic opportunities arise.

The 1994 capital budget provides \$50 million for gas operations, including pipe replacement and system extensions. Construction expenditures through 1998 are expected to average \$45 million per year.

ENVIRONMENTAL MATTERS

The company is in the process of investigating and testing various manufactured gas sites either currently or previously owned by the company. These are discussed in Note 10 to the Consolidated Financial Statements.

OUTLOOK

A new era of increased competition for the purchase and sale of natural gas began in late 1993 with implementation of Order 636 of the Federal Energy Regulatory Commission. This order has shifted a significant portion of the risk and responsibility for the supply of gas from pipeline companies to distribution utilities like the divisions of UtiliCorp.

To respond to this increase in competition, the company has created a gas supply center based in Omaha to consolidate its natural gas procurement. This strategy provides broader access to pipeline systems and takes advantage of economies of scale in the company's purchase of natural gas. While the full impact of Order 636 cannot yet be gauged, the company believes that it is well positioned to maintain access to a competitive supply of gas and would recover in rates any additional costs charged by its pipeline suppliers in implementing Order 636.

UtiliCorp's gas utilities will continue programs to upgrade their systems and increase the overall efficiencies of their operations. These programs benefit customers and enable gas operations to grow in a competitive environment.

In May 1993, the company signed an agreement to purchase Arkla's Kansas gas distribution and transmission systems for approximately \$25 million. This transaction is expected to close in the first half of 1994. The systems serve about 22,000 customers in Wichita and several surrounding communities. Their annual gas distribution revenues are about \$15 million. Plans call for this system to be operated as part of the Peoples Natural Gas division.

<TABLE>
<CAPTION>

REVENUES: GAS
(\$ MILLIONS)

93	92	91
<S>	<C>	<C>
686.1	515.7	496.0

</TABLE>

<TABLE>
<CAPTION>

INCOME FROM OPERATIONS: GAS
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	65.7	41.6	42.2

</TABLE>

<TABLE>
<CAPTION>

HISTORICAL CAPITAL EXPENDITURES: GAS
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
NEW TOWN PIPING	1.6	7.0	15.0
PIPE REPLACEMENT	9.2	9.2	7.5
OTHER	42.3	35.5	45.9
TOTAL	53.1	51.7	68.4

</TABLE>

<TABLE>
<CAPTION>

ESTIMATED CAPITAL EXPENDITURES: GAS
(\$ MILLIONS)

	98	97	96	95	94
<S>	<C>	<C>	<C>	<C>	<C>
PIPE REPLACEMENT	9	9	10	10	10
OTHER	33	33	34	36	40
TOTAL	42	42	44	46	50

</TABLE>

21

[Graphics]
[Caption]

FOCUSING ON SERVICE
WITH THE EYE OF THE CUSTOMER LEADS TO NEW APPROACHES
IN THE DELIVERY OF ENERGY AND AN EVER WIDER
RANGE OF CUSTOMIZED SOLUTIONS AVAILABLE TO THE USER.

ENERGY RELATED BUSINESSES

THE ENERGY RELATED BUSINESSES SEGMENT INCLUDES THE CONSOLIDATED OPERATIONS OF THE COMPANY'S AQUILA ENERGY SUBSIDIARY. AQUILA IS INVOLVED IN THE GATHERING, PROCESSING AND MARKETING OF NATURAL GAS, ACQUISITION AND PRODUCTION OF GAS AND OIL RESERVES AND EXTRACTION AND SALE OF NATURAL GAS LIQUIDS.

<TABLE>
<CAPTION>

THREE-YEAR REVIEW-Energy Related Businesses

YEAR ENDED DECEMBER 31,

	<C>	<C>	<C>
DOLLARS IN MILLIONS	1993	1992	1991

REVENUES:

Gas and oil production and marketing	\$ 73.7	\$ 71.0	\$104.4
Gas sales, transmission and processing	264.9	204.4	89.4
Income from gathering system investment	-	-	6.0
TOTAL REVENUES	338.6	275.4	199.8
EXPENSES:			
Depreciation, depletion and amortization	60.8	57.0	51.6
Gas purchases	177.1	123.7	52.8
Operations and maintenance	63.8	59.0	38.2
Restructuring charge (a)	69.8	-	-
Unusual loss provision	-	17.7	-
TOTAL EXPENSES	371.5	257.4	142.6
INCOME (LOSS) FROM OPERATIONS	\$(32.9)	\$ 18.0	\$057.2
Gain on sale of subsidiary stock	\$047.8	\$ -	\$ -
Identifiable assets	604.2	662.0	643.1
Capital expenditures and investments	94.5	48.9	148.7
Proven reserves (BCF) (b)	119	156	239
Marketing volumes (BCF)	453	543	376
Production volumes (BCF) (b)	30	33	39
Number of employees	407	358	329

<FN>

- (a) INCLUDES WRITE-OFF OF \$3.7 MILLION RELATED TO CERTAIN ASSETS OWNED BY THE COMPANY ON BEHALF OF AQUILA.
- (b) INCLUDES BARRELS OF OIL EXPRESSED AS GAS EQUIVALENT, ASSUMING 6,000 CUBIC FEET OF GAS PER BARREL OF OIL.

</TABLE>

SEGMENT HIGHLIGHTS

In 1993, Aquila reported net income of \$10.7 million. Aquila's net income (loss) was \$(10.2) million in 1992 and \$19.5 million in 1991. The 1992 amount includes after-tax charges of \$11.3 million related to apparent improper payments by former employees of an Aquila subsidiary, Aquila Energy Resources.

Earnings are based on an assigned debt/equity ratio of about 80/20 for reserve assets and about 60/40 for pipeline assets. In 1993, this segment contributed 21% of consolidated revenues. In October 1993, Aquila Gas Pipeline Corporation (AGP), an Aquila subsidiary, completed an initial public offering of 5.4 million shares of common stock, representing approximately 18% of the stock of AGP. This resulted in a \$47.8 million gain.

REVENUES

In September 1991, Aquila exercised its option to purchase the remaining 51% partnership interest in Aquila Southwest Energy for approximately \$39 million and began to consolidate its operations for financial reporting purposes. Prior to September 1991, Aquila used the equity method of accounting for its initial 49% ownership in Aquila Southwest. The operations of this subsidiary are now a primary component of the operations of AGP. AGP owns gas processing plants and over 2,300 miles of pipeline in Texas and Oklahoma.

During 1993, AGP throughput was 120 BCF, compared with 104 BCF in 1992 and 87 BCF in 1991. Natural gas liquids (NGLs) of 491 million gallons were extracted in 1993, up from 368 and 230 million gallons

23

in 1992 and 1991, respectively. The volume increases in 1993 are due primarily to third-party drilling and subsequent well connections to AGP's pipelines. NGL prices remained relatively stable through the summer of 1993. In the fall of 1993, prices began to decline but this was more than offset by the increased volumes of NGLs processed during 1993. A portion of AGP's revenues are subject to price risk because of the absence of financial instruments for certain NGL products.

In 1992 gas marketing volumes increased compared to 1991. However, marketing revenues were reduced due to lower margins on spot market transactions and significant margin reductions on fixed price supply contracts when gas prices rose sharply. Marketing margins again declined in 1993, primarily due to fixed price supply contracts. As a result, Aquila has revised its business strategy as discussed more fully under the Outlook section. Gas and oil production volumes

decreased during 1993 to 30 BCF, compared to 33 BCF in 1992. This decrease was more than offset by an increase in the average sales price of gas during the year.

EXPENSES

Depreciation, depletion and amortization increased during the last three years because of the expansion of the AGP pipeline systems and the higher depletion rates of gas and oil reserves. Gas purchases and operations and maintenance expenses have increased annually due to the growth in Aquila's businesses, primarily the expansion of AGP.

In December 1993, the company announced the completion of a revised business strategy at Aquila. In connection with this revised business strategy a pretax restructuring charge of \$69.8 million was recorded. The charge reflects estimated costs of \$43.0 million attributable to the anticipated disposition of certain non-strategic long-term sales and firm transportation contracts. The fixed price sales contracts extend from 1994 to 2008 and obligate Aquila to sell approximately 67 BCF of gas over that period. In order to minimize further losses, the company entered into various hedging transactions, resulting in embedded contract losses. The company is negotiating the sale of these contracts. Also recorded was a \$16.6 million impairment reserve for non-strategic offshore pipeline assets, which were previously being depreciated over a four year period. Another \$6.5 million charge relates to the cost of implementing other programs made necessary by the strategy revision. Additionally, certain investments owned by the company on behalf of Aquila, totaling \$3.7 million, were deemed to be non-strategic and were included as part of the total restructuring recognized by the company. These charges will result in a future cash outlay of approximately \$45 million during 1994 and 1995 which will be funded from operations and other working capital sources.

The \$17.7 million loss provision shown as an unusual item in 1992 relates to apparent improper payments by former employees of Aquila Energy Resources Corporation, a wholly-owned subsidiary of Aquila. Recovery is being vigorously pursued through litigation and insurance. See Note 10 to the Consolidated Financial Statements for further information.

<TABLE>
<CAPTION>

REVENUES: ENERGY RELATED (\$ MILLIONS)

93	92	91
<S>	<C>	<C>
338.6	275.4	199.8

</TABLE>

<TABLE>
<CAPTION>

MARKETING VOLUMES (BCF)

93	92	91
<S>	<C>	<C>
453	543	376

</TABLE>

<TABLE>
<CAPTION>

INCOMES FROM OPERATIONS: ENERGY RELATED BEFORE CHARGES* (\$ MILLIONS)

93	92	91
<S>	<C>	<C>
36.9	35.7	57.2

<FN>

* RESTRUCTURING CHARGES OF \$69.8 MILLION IN 1993 AND UNUSUAL LOSS PROVISION OF \$17.7 MILLION IN 1992.

</TABLE>

<TABLE>
<CAPTION>

PROVEN RESERVES
(BCF EQUIVALENTS)

93	92	91
<S>	<C>	<C>
119	156	239

</TABLE>

24

ACQUISITIONS AND INVESTMENTS

Since 1989 Aquila has invested \$420 million in acquiring and expanding its pipeline and gathering systems. This amount includes the acquisition of Aquila Southwest in 1991. Since 1987 Aquila has invested a total of \$368 million in acquiring and developing gas and oil reserves.

OUTLOOK

Aquila's new strategy began taking shape in early 1993 with the arrival of Aquila's new president and other new members of his management team. Aquila is now focusing on three distinct business activities-gas marketing, gas and oil development and production, and gas gathering and processing. The gathering and processing activities are managed by San Antonio-based AGP.

The company will now rely more heavily on long-term sales contracts and less on the spot market for profits in its gas marketing activities. More emphasis will be given to serving customers in the Upper Midwest and Eastern Seaboard regions. Aquila can readily serve those areas with supplies from producing basins in Oklahoma and the Gulf Coast. Natural gas sales and purchase commitments are frequently based upon fixed prices. Aquila's results can be affected by natural gas market price volatility if fixed price commitments are not fully balanced. To mitigate the natural gas pricing risk on fixed price commitments, Aquila uses various hedging techniques to balance its portfolio. Management believes the company has sufficient proved reserves and access to markets to meet contractual volumes.

Aquila's gas and oil production is dedicated to supporting the marketing strategy. At year end, Aquila's gas reserves totaled 104 BCF. Emphasis will be given to exploratory and development drilling of owned reserves. Acquisitions of additional reserves will be pursued. AGP will work to increase the volume of gas it gathers and processes at facilities connected to pipeline systems in Texas and Oklahoma. AGP has achieved success in connecting a significant percentage of new wells in the commercially active Giddings Field. It also will seek to acquire strategically placed pipelines and processing facilities in proven gas and oil basins.

UTILCO GROUP

THE RESULTS OF OPERATIONS OF UTILCO GROUP,
WHICH OWNS AND OPERATES INDEPENDENT POWER PROJECTS,
ARE REPORTED AS OTHER INCOME.

<TABLE>
<CAPTION>

UTILCO GROUP POWER PROJECTS

DOLLARS IN MILLIONS		DECEMBER 31, 1993		
Fuel Type	Number of Projects	Aggregate Capacity	Ownership Range	UtilCo Group's Share of Project Assets
<S>	<C>	<C>	<C>	<C>
Gas	6	538 MW	15% - 50%	\$195.4
Coal	3	154	24% - 50%	119.7
Hydro	6	40	50%	48.0
Total	15	732 MW		\$363.1

UtilCo Group contributed net income of \$3.2 million in 1993. It reported net income of \$5.3 million in 1992 and \$1.8 million in 1991. These results are based on an assigned debt/equity ratio of 75/25. The improvement in 1992 reflected an increased number of projects and the higher operating performance normally achieved after each plant's two-year start-up phase. The reduction in net income for 1993 was due primarily to the effect of the increase in the corporate tax rate included in the Budget Reconciliation Act of 1993.

Since 1986 UtilCo Group has acquired ownership interests in 15 independent power projects, all of which are in commercial operation. Investments in additional projects are expected to be made over the next five years.

25

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

UtilCo Group acquired interests in two additional projects in 1992. In March 1992, it became a 15% limited partner in a 168.8 MW gas-fired power plant near Buffalo, New York that began commercial operations in December 1992. In September 1992, UtilCo Group acquired a 50% ownership interest in a 120 MW gas-fired cogeneration facility in Orlando, Florida. Commercial operations began in September 1993.

At the end of 1993, UtilCo Group's projects had a total capacity of 732 MW. UtilCo Group's ownership interests range from 15% to 50%, and its share of project assets at the end of 1993 totaled \$363.1 million. No new investments were made in 1993. UtilCo Group's share of project assets at year end was \$346.5 million in 1992 and \$280.3 million in 1991.

UtiliCorp's balance sheet at December 31, 1993 includes \$110.9 million in non-regulated property, representing UtilCo Group's investments in partnerships and leveraged leases.

OTHER INCOME

Several of the company's utilities have undertaken various non-regulated businesses in recent years. These are also reported as other income. Most of these businesses have required minimal capital investment. The activities include consumer appliance protection programs, gas and coal brokering, propane distribution, meter reading and billing services, and water and wastewater management for municipalities and other utilities in or near the company's service areas.

FINANCE

UtiliCorp United was formed from Missouri Public Service Company in 1985 to pursue a focused strategy to broaden the company's business base within the energy industry. The benefits of implementing this strategy have included the spreading of inherent business risks, reduced cost of capital, improved operating efficiencies and economies of scale.

DIVIDENDS

Since formation of the company in May 1985, the cash dividend rate on common stock has doubled to an annualized rate of \$1.68. Based upon the improved earnings results experienced in 1993, in November 1993 the company's board of directors increased the common dividend by 5% to the current \$1.68 level. Future dividend action will continue to reflect the board of directors' assessment of financial results, including the outlook for future earnings.

ASSET GROWTH

Utility acquisitions, non-regulated investments and ongoing facility improvements are the primary components to the company's growth strategy. During 1993, the company completed a utility acquisition totaling \$99 million, including \$21 million in working capital. Additionally, \$140.5 million in construction expenditures was invested to improve existing facilities and expand utility service territories.

Aquila's investments during 1993 in gas and oil producing, gathering and transmission properties totaled \$94.5 million.

The company plans to continue making acquisitions and investments that further its strategy.

LIQUIDITY AND CAPITAL RESOURCES

During the past three years, UtiliCorp's most significant capital requirements have been a direct result of its growth strategy. Acquisitions and investments have been initially financed with short-term debt, and permanently funded with various long-term securities when financial markets were favorable. The company intends to maintain its strong balance sheet by using both debt and equity to finance future growth.

During the three years ended December 31, 1993, \$545 million in net long-term capital was secured: \$329 million through various issues of stock and \$216 million through long-term debt. Common shareholders' equity at the end of 1993 increased to about 44% of total permanent capitalization while the level of short-term indebtedness has declined. Short-term indebtedness will fluctuate to accommodate the interim financing of acquisitions and other investments.

The company has commercial paper programs aggregating \$200 million. To support these programs, the company has two revolving credit agreements (Agreements) with a consortium of banks aggregating \$400 million.

26

[Graphics]
[Caption]

LEARNING THE LANDSCAPE
OF FOREIGN MARKETS CAREFULLY AND OVER TIME REVEALS
SIMILARITIES TO OUR OWN AS GLOBAL
TRENDS RESHAPE MARKETS AND CREATE OPPORTUNITIES.

The Agreements, which expire in December 1994 and December 1996, also allow the issuance of notes which bear interest at rates based on the prime rate or various money market rates. As of December 31, 1993, there were no outstanding borrowings under these Agreements. The company also has accounts receivable sale programs. The level of funding available from these programs varies depending on the level of eligible accounts receivable, which fluctuates seasonally. Under these programs up to \$175 million is available to reduce short-term debt. At December 31, 1993, \$139.1 million was sold under these programs.

CASH REQUIREMENTS

Cash requirements include utility plant additions, dividends, and required redemptions of long-term securities.

Taken as a whole, cash provided from operating activities funded all of the company's cash requirements during the three years ended December 31, 1993. External financing was required during that period to fund acquisitions and investments.

Over the next five years cash provided from operating activities is expected to meet anticipated cash requirements for that period, excluding acquisitions and debt retirements scheduled for 1995.

In February and April 1993, the company issued 4.8 million and .5 million shares of common stock, respectively. The combined net proceeds of \$144.7 million were used to reduce short-term debt incurred for construction and acquisitions and for general corporate purposes.

In March 1993, the company issued \$125 million of 8.0% Senior Notes due in 2023. Net proceeds of \$123.3 million were used to reduce short-term debt incurred for construction and acquisitions, and for general corporate purposes.

In April 1993, the company issued \$70 million of 6.0% Senior Notes due in 1998. The company used the majority of the proceeds to fund a trust that assumed \$63.5 million of 9.875% General Mortgage Bonds. In October 1993, the General Mortgage Bonds were redeemed by the trust.

In mid-1993, the company purchased and retired approximately \$33.0 million of First Mortgage Bonds. These bonds were purchased at a premium and replaced with short-term debt.

During 1993, West Kootenay Power issued 8.8% secured debentures having a face value of approximately \$18.8 million. The proceeds were used to reduce short-term debt and redeem preference stock, and for other general purposes.

<TABLE>
<CAPTION>

REVENUE
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
ELECTRIC	546.9	507.8	379.4
GAS	686.1	515.7	496.0
ENERGY RELATED	338.6	275.4	199.8
TOTAL	1,571.6	1,298.9	1,075.2

</TABLE>

<TABLE>
<CAPTION>

UTILITY PLANT ADDITIONS
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	140.5	149.8	134.0

</TABLE>

<TABLE>
<CAPTION>

INCOME FROM OPERATIONS BEFORE CHARGES*
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
ELECTRIC	119.4	109.4	96.6
GAS	65.7	41.6	42.2
ENERGY RELATED	36.9	35.7	57.2
TOTAL	222.0	186.7	196.0

* RESTRUCTURING CHARGE OF \$69.8 MILLION IN 1993
AND UNUSUAL LOSS PROVISION OF \$17.7 MILLION IN
1992.

</TABLE>

<TABLE>
<CAPTION>

CASH FROM OPERATIONS
(\$ MILLIONS)

	93	92	91
<S>	<C>	<C>	<C>
	289.3	175.8	215.8

</TABLE>

28

ACQUISITIONS AND INVESTMENTS

On September 30, 1991, the company purchased the electric utility properties of Centel Corporation and renamed them WestPlains Energy. The company paid \$209.2 million in cash, assumed liabilities of \$26.0 million and executed a long-term operating lease with a third party for an 8% undivided ownership interest in the Jeffrey Energy Center.

On February 1, 1993, the company completed its \$99 million acquisition of a Nebraska gas distribution system from Arkla, Inc. The Nebraska system serves about 124,000 gas customers in 63 eastern Nebraska communities, including the city of Lincoln. Gas revenues in 1993 for the Nebraska system, operated as a part of the Peoples Natural Gas division, were approximately \$97.9 million.

On May 7, 1993, the company signed an agreement to purchase Arkla's Kansas gas distribution and transmission systems for \$25 million. The Kansas systems serve about 22,000 customers in Wichita and several surrounding communities. Gas distribution revenues for the Kansas system during 1993 were approximately \$15

million. This transaction is expected to close in the first half of 1994. The system will be operated as a part of Peoples Natural Gas.

On February 14, 1994, the company signed a definitive agreement to purchase a 218-mile, Missouri intrastate natural gas pipeline system from Edisto Resources Corporation. The \$75 million sales price includes the gas distribution system at Fort Leonard Wood, Missouri and a pipeline that crosses the Mississippi River north of St. Louis. The transaction requires regulatory approval and is expected to close later in 1994.

The company believes it is well positioned to take advantage of the opportunities presented by domestic deregulation of the gas and electric businesses. Additionally, the company has found ways to enter international markets where privatization of utilities is starting to take place.

UtiliCorp U.K., Inc. owns a 75% interest in United Gas, the company's natural gas marketing venture in the United Kingdom (U.K.). United Gas became a contributor to earnings in 1993 due to continued efforts to develop new markets in areas of the U.K. where it supplies gas. UtiliCorp U.K., Inc. and six regional electric distribution utilities in the U.K. have entered into joint venture agreements to supply gas to large volume customers in the electric utilities' service areas via facilities owned by British Gas. The results of operations of the U.K. ventures are reported as other income.

In July 1993, the company finalized a joint venture arrangement with the Waikato Electricity Authority in New Zealand. Under the arrangement, UtiliCorp agreed to purchase a 33% interest in Waikato-based WEL Energy Group Ltd. (WEL) for approximately \$21 million to be paid over time. The company paid \$2.7 million at closing and will make additional investments in the future based on the capital requirements of WEL.

INCOME TAXES

The level of income tax expense during the three-year period fluctuated generally with the level of pretax accounting income. The effective tax rate for 1993 is substantially less than the statutory rate due to the \$47.8 million gain from the sale of subsidiary stock, which is not taxable according to U.S. tax law.

In August 1993, the Budget Reconciliation Act of 1993 was enacted. An adjustment was made in the third quarter to retroactively reflect the increase in the corporate tax rate from 34% to 35%, effective January 1, 1993. The rise in the tax rate increased 1993 income tax expense approximately \$4.0 million, or \$.10 per average common share. This included \$2.7 million related to a non-cash adjustment to increase deferred income tax liabilities of non-regulated operations as of January 1, 1993. Deferred income tax liabilities of regulated operations were also increased. However, because these additional taxes are expected to be recovered through rates, a regulatory asset was established and included in Deferred Charges and Other Assets in the accompanying balance sheet. See Note 8 to the Consolidated Financial Statements for further discussion.

REGULATED RETURNS

The company strives to earn optimal returns in all regulatory jurisdictions. Recent years have been especially challenging because of the statutory lag required to achieve rate relief and a general trend by regulatory commissions toward reduced rates of return as a result of lower interest rates.

Rate relief was obtained in several jurisdictions during 1992. In 1993, the most significant activity was

29

at Missouri Public Service (electric and gas) and West Kootenay Power (electric). The company intends to be the low cost provider of energy in its service territories. However, as new capital is invested in facilities, some further rate filings may become necessary over the next five years to provide an opportunity to earn fair returns.

EFFECTS OF INFLATION

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

SOURCES OF REVENUES - 1993

/ / ELECTRIC 35%
/ / GAS 44%
/ / ENERGY RELATED 21%

/ / ELECTRIC 54%
 / / GAS 29%
 / / ENERGY RELATED 17%

* RESTRUCTURING CHARGE OF \$69.8 MILLION

NEW ACCOUNTING STANDARDS

Notes 8 and 9 to the Consolidated Financial Statements discuss the new accounting standards relating to income taxes and post-retirement benefits other than pensions.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 112 (SFAS No. 112), "Employers' Accounting for Post-Employment Benefits." The company does not expect the adoption of SFAS No. 112 to have a material effect on its consolidated financial position or results of operations.

ELECTRIC SALES VOLUMES BY TYPE - 1993

/ / RESIDENTIAL 36%
 / / COMMERCIAL 25%
 / / INDUSTRIAL 19%
 / / OTHER 20%

GAS SALES AND TRANSPORTATION VOLUME BY TYPE - 1993

/ / RESIDENTIAL 29%
 / / COMMERCIAL 15%
 / / INDUSTRIAL & TRANSPORTATION 55%
 / / OTHER 1%

30

[Graphics]
[Caption]

ATTAINING CRITICAL MASS

THROUGH BOTH ACQUIRING AND ACTIVATING NEW BUSINESSES ENLARGES THE SCALE OF FUTURE GROWTH BY CONTINUALLY ADDING RESOURCES, KNOWLEDGE AND FINANCIAL STRENGTH.

CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
IN MILLIONS EXCEPT PER SHARE	1993	1992	1991
<S>	<C>	<C>	<C>
REVENUES:			
Electric operations	\$ 546.9	\$ 507.8	\$ 379.4
Gas operations	686.1	515.7	496.0
Energy related businesses	338.6	275.4	199.8
TOTAL REVENUES	1,571.6	1,298.9	1,075.2
EXPENSES:			
Fuel used for generation	72.9	73.5	61.1
Power purchased	124.4	117.9	64.7
Gas purchased for resale	443.4	331.3	318.8
Other operating	213.5	182.1	148.5
Maintenance	47.2	40.5	37.1
Depreciation and amortization	74.5	66.1	53.9
Taxes, other than income taxes	72.0	61.1	52.5
Energy related businesses-			
Depreciation, depletion and amortization	60.8	57.0	51.6

Gas purchases	177.1	123.7	52.8
Operations and maintenance	63.8	59.0	38.2
Restructuring charge	69.8	-	-
Unusual loss provision	-	17.7	-
TOTAL EXPENSES	1,419.4	1,129.9	879.2
INCOME FROM OPERATIONS	152.2	169.0	196.0
INTEREST CHARGES AND OTHER:			
Long-term debt	89.2	88.9	65.1
Short-term debt and other interest	10.9	10.2	17.4
Gain on sale of subsidiary stock	(47.8)	-	-
Minority interests	.8	-	-
Other income, net	(16.8)	(14.6)	(7.7)
Total interest charges and other	36.3	84.5	74.8
Income before income taxes	115.9	84.5	121.2
Income taxes	29.5	31.6	43.6
Net income	86.4	52.9	77.6
Preference Dividends	6.9	6.9	7.8
EARNINGS AVAILABLE FOR COMMON SHARES	\$ 79.5	\$ 46.0	\$ 69.8
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Primary	40.74	34.93	29.39
Fully diluted	44.27	35.75	33.81
EARNINGS PER COMMON SHARE:			
Primary	\$1.95	\$1.32	\$2.37
Fully diluted	1.92	1.31	2.27

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

32

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	DECEMBER 31,		
DOLLARS IN MILLIONS	1993	1992	1991
<S>	<C>	<C>	<C>
UTILITY PLANT AND OTHER ASSETS			
UTILITY PLANT IN SERVICE:			
Electric	\$1,526.6	\$1,428.0	\$1,360.5
Gas	896.3	746.0	695.4
Less-accumulated depreciation	2,422.9	2,174.0	2,055.9
	865.0	767.2	721.8
Net utility plant in service	1,557.9	1,406.8	1,334.1
Construction work in progress	22.3	46.7	31.9
TOTAL UTILITY PLANT, NET	1,580.2	1,453.5	1,366.0
NON-REGULATED PROPERTY, NET:			
Energy related	498.0	484.7	502.3
Non-regulated generating assets and other	183.6	164.4	132.0
Total non-regulated property, net	681.6	649.1	634.3
CURRENT ASSETS:			
Cash and cash equivalents	70.3	18.7	30.1
Accounts receivable, net	158.0	177.9	145.1
Accrued utility revenues	76.6	66.3	56.1
Fuel inventory, at average cost	63.1	55.0	50.4
Materials and supplies, at average cost	38.7	38.2	34.9

Prepayments and other	31.4	30.5	25.6
TOTAL CURRENT ASSETS	438.1	386.6	342.2
DEFERRED CHARGES AND OTHER ASSETS	150.6	63.6	44.8
TOTAL UTILITY PLANT AND OTHER ASSETS	\$2,850.5	\$2,552.8	\$2,387.3
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:			
Common shareholders' equity	\$ 851.7	\$ 661.1	\$ 660.7
Preference stock, not mandatorily redeemable	25.0	25.0	25.0
Preference stock, convertible and mandatorily redeemable	58.5	60.7	61.7
Preferred stock of subsidiary, retractable	.4	9.4	10.4
Long-term debt	1,009.7	890.8	928.1
TOTAL CAPITALIZATION	1,945.3	1,647.0	1,685.9
CURRENT LIABILITIES:			
Current maturities of long-term debt	1.8	5.9	3.5
Short-term debt	70.0	230.9	111.0
Accounts payable	392.5	329.2	274.1
Accrued taxes	9.3	15.3	19.1
Accrued interest	20.1	16.1	21.1
Other	52.1	61.4	51.4
TOTAL CURRENT LIABILITIES	545.8	658.8	480.2
DEFERRED CREDITS AND OTHER LIABILITIES:			
Deferred income taxes	231.9	159.6	148.0
Investment tax credits	22.1	23.3	24.4
Minority interests	27.2	-	-
Other	78.2	64.1	48.8
TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	359.4	247.0	221.2
TOTAL CAPITALIZATION AND LIABILITIES	\$2,850.5	\$2,552.8	\$2,387.3

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CAPITALIZATION

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS EXCEPT PER SHARE	DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
COMMON SHAREHOLDERS' EQUITY:			
Common stock, par value \$1 per share, outstanding 42,021,160 shares (35,421,598 at December 31, 1992 and 34,455,914 at December 31, 1991)	\$ 42.0	\$ 35.4	\$ 34.5
Premium on capital stock	722.4	545.7	526.2
Retained earnings	93.4	81.5	91.8
Currency translation adjustment	(6.1)	(1.5)	8.2
TOTAL COMMON SHAREHOLDERS' EQUITY	851.7	661.1	660.7
PREFERENCE STOCK, NOT MANDATORILY REDEEMABLE:			
\$2.05 series, 1,000,000 shares	25.0	25.0	-
\$2.4375 series, 600,000 shares	-	-	15.0
\$2.6125 series, 400,000 shares	-	-	10.0
TOTAL PREFERENCE STOCK, NOT MANDATORILY REDEEMABLE	25.0	25.0	25.0
PREFERENCE STOCK, CONVERTIBLE AND MANDATORILY REDEEMABLE:			
\$1.775 series, outstanding 2,885,000 shares (2,976,116 at			

December 31, 1992 and 2,988,511 at December 31, 1991)	58.5	60.7	61.7
PREFERRED STOCK OF SUBSIDIARY, RETRACTABLE	.4	9.4	10.4
LONG-TERM DEBT	1,009.7	890.8	928.1
TOTAL CAPITALIZATION	\$1,945.3	\$1,647.0	\$1,685.9

</TABLE>

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS' EQUITY

IN MILLIONS EXCEPT PER SHARE	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
COMMON STOCK:			
Balance beginning of year	\$ 35.4	\$ 34.5	\$ 28.1
Issuance of common stock	6.6	.9	6.4
BALANCE END OF YEAR	42.0	35.4	34.5
PREMIUM ON CAPITAL STOCK:			
Balance beginning of year	545.7	526.2	373.6
Issuance of common stock	177.1	19.2	151.2
Other	(.4)	.3	1.4
BALANCE END OF YEAR	722.4	545.7	526.2
RETAINED EARNINGS:			
Balance beginning of year	81.5	91.8	67.6
Net income	86.4	52.9	77.6
Dividends on preference stock	(6.9)	(6.9)	(7.8)
Dividends on common stock-\$1.62 per share in 1993, \$1.60 in 1992, and \$1.54 in 1991	(67.1)	(55.7)	(45.6)
Reissuance of common stock	(.5)	(.6)	-
BALANCE END OF YEAR	93.4	81.5	91.8
CURRENCY TRANSLATION ADJUSTMENT	(6.1)	(1.5)	8.2
TOTAL COMMON SHAREHOLDERS' EQUITY	\$851.7	\$661.1	\$660.7

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

34

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	Year Ended DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 86.4	\$ 52.9	\$ 77.6
Adjustments to reconcile net income to net cash provided:			
Depreciation and amortization	146.0	131.1	111.0
Gain on sale of subsidiary stock	(47.8)	-	-
Restructuring charge	69.8	-	-
Unusual loss provision	-	17.7	-
Deferred taxes and investment tax credits	4.2	14.8	20.9

Changes in certain current assets and liabilities, net of effects of acquisitions and restructuring-			
Accounts receivable and accrued revenues	46.8	(54.5)	(7.9)
Accounts receivable sold	(10.9)	10.0	33.2
Fuel and materials	(7.6)	(8.3)	(10.6)
Accounts payable	13.9	56.2	(10.6)
Accrued taxes	(9.0)	(21.9)	1.2
Other	11.4	(13.7)	5.6
Changes in other assets and liabilities, net	(13.9)	(8.5)	(4.6)

CASH PROVIDED FROM OPERATING ACTIVITIES	289.3	175.8	215.8

CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to utility plant	(140.5)	(149.8)	(134.0)
Purchase of utility operations	(99.0)	-	(209.2)
Sale of subsidiary stock	74.6	-	-
Investments in non-regulated generating assets	(28.8)	(14.8)	(21.1)
Investments in energy related properties	(94.5)	(48.9)	(148.7)
Other	(1.6)	(15.8)	(7.6)

CASH USED FOR INVESTING ACTIVITIES	(289.8)	(229.3)	(520.6)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock	178.8	20.0	139.3
Issuance of preference stock	-	25.0	-
Retirement of preference stock	(9.0)	(25.0)	-
Issuance of long-term debt, net of premium paid	217.4	230.3	152.7
Retirement of long-term debt	(99.8)	(265.5)	(19.2)
Short-term borrowings (repayments), net	(160.9)	119.9	62.3
Cash dividends paid	(74.4)	(62.6)	(53.4)

CASH PROVIDED FROM FINANCING ACTIVITIES	52.1	42.1	281.7

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51.6	(11.4)	(23.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18.7	30.1	53.2

CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 70.3	\$ 18.7	\$ 30.1

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for-			
Interest, net of amount capitalized	\$ 94.5	\$104.2	\$ 76.2
Income taxes	24.5	26.7	21.9

Liabilities assumed in acquisitions-			
Fair value of assets acquired	\$106.3	-	\$438.8
Cash paid for acquisitions	99.0	-	248.3
Liabilities assumed	\$ 7.3	-	\$190.5

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of UtiliCorp United Inc. (the company) include all operating divisions and all majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The energy related businesses segment reflects the operations of Aquila Energy Corporation (Aquila). The results of operations of UtilCo Group Inc. (UtilCo Group), UtiliCorp U.K., Inc. and the non-regulated activities of utility divisions are included in Other income, net, in the Consolidated Statement of Income.

MINORITY INTERESTS. Minority interests represent the minority stockholders' proportionate share of the stockholders' equity and net income of Aquila Gas Pipeline Corporation (AGP), a subsidiary of Aquila, and United Gas Company Limited (United Gas), an indirect subsidiary of the company. Following the initial public offering of a portion of AGP stock, Aquila held an approximately

82% interest in AGP at December 31, 1993 (see Note 4). The company owns a 75% interest in United Gas, a gas marketing company in the United Kingdom.

REGULATION. The company's utility operations are subject to regulation by various regulatory authorities. While there are rate proceedings pending, there are no material amounts of revenues being collected subject to refund.

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

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

GAS AND OIL PROPERTIES. Gas and oil properties are accounted for using the full cost method. Under the full cost method, all costs associated with gas and oil property acquisition, exploration and development, including non-productive costs, are capitalized. No gains or losses are recognized on the sale or disposition of gas and oil properties, except for significant transactions. The provision for depreciation, depletion and amortization is determined using the units of production method over the estimated lives of the producing properties based on estimated quantities of proved reserves. Amortization per MCF equivalent averaged \$1.28, \$1.18 and \$1.10 in 1993, 1992 and 1991, respectively. The unamortized cost of gas and oil properties may not exceed the future value of recoverable gas and oil reserves at current or contractual prices, discounted at 10%.

Gathering, processing and other energy related property is depreciated using a composite average annual rate of 4%.

REVENUE RECOGNITION. Utility revenues are recognized when services are delivered. Gas marketing revenues are recorded based on the margin differential between the amount billed to the customer, the related transportation cost and the price paid to the gas supplier on gas volumes purchased and delivered during the period.

Aquila uses various gas and oil hedging techniques to mitigate the effects of changes in market prices. Settlements related to these transactions designated as hedges are included in revenues in the period the products are produced and sold to customers.

PURCHASED GAS ADJUSTMENT AND ENERGY ADJUSTMENT CLAUSES. The majority of the company's revenues are subject to adjustment clauses. Changes in the cost of purchased gas, fuel used for generation and purchased power to be recovered are charged to expense during the period in which the recovery of costs is included in revenues.

INCOME TAXES. The company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined by applying tax regulations existing at the end of a reporting period to the cumulative temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements.

Investment tax credits have been deferred and are being amortized over the lives of the related properties.

No provision is made for U.S. income taxes on undistributed earnings of a wholly-owned Canadian subsidiary (\$42.2 million at December 31, 1993) because it is management's intention to reinvest such earnings in Canadian operations. Consolidated income before income taxes for

36

the years ended December 31, 1993, 1992, and 1991 included \$10.7, \$13.8 and \$14.2 million, respectively, from Canadian operations.

CASH EQUIVALENTS. Cash equivalents are defined as temporary cash investments with an original maturity of three months or less.

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

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

CURRENCY TRANSLATION ADJUSTMENT. Financial statements of foreign operations have been translated into U.S. dollars using applicable exchange rates. Resulting translation adjustments increase or decrease common shareholders' equity.

NOTE 2:

ACQUISITIONS

UTILITY. The excess of total acquisition costs over the aggregate regulated value of net assets acquired to date is included in Utility Plant (\$134.4 million, net of \$21.1 million in accumulated amortization at December 31, 1993) and is being amortized on a straight-line basis over periods ranging from 15 to 35 years. The results of operations of acquired entities have been included in the accompanying consolidated financial statements for the periods subsequent to their acquisition.

On February 1, 1993, the company paid \$99 million to acquire a Nebraska gas distribution system from Arkla, Inc., including \$21 million in working capital. The Nebraska system serves 124,000 customers and is now operated as a part of the Peoples Natural Gas division.

On May 7, 1993, the company signed an acquisition agreement to purchase Arkla's Kansas gas distribution and transmission systems for approximately \$25 million. This transaction is subject to regulatory approval and is anticipated to be completed in the first half of 1994.

On September 30, 1991, the company purchased the electric utility properties of Centel Corporation and renamed them WestPlains Energy. The company paid \$209.2 million in cash, assumed liabilities of \$26.0 million and executed a long-term operating lease with a third party for an 8% undivided ownership interest in the Jeffrey Energy Center (see Note 10).

ENERGY RELATED. In September 1991, the company purchased the remaining 51% partnership interest in Aquila Southwest Energy (Aquila Southwest) for approximately \$39 million. This transaction increased the company's ownership to 100% and resulted in the consolidation of Aquila Southwest for financial reporting purposes.

PRO FORMA RESULTS. Pro forma unaudited results of operations assuming the acquisitions of WestPlains Energy and Aquila Southwest had occurred as of January 1, 1991 are as follows:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,
IN MILLIONS EXCEPT PER SHARE	1991
<S>	<C>
Revenues	\$1,297.0
Net income	87.1
Earnings available for common shares	79.3
Earnings per common share:	
Primary	\$2.35
Fully diluted	2.26

</TABLE>

NOTE 3:

NON-REGULATED PROPERTY

ENERGY RELATED. Aquila is involved in the gathering, processing and marketing of natural gas, the acquisition and development of proved gas and oil reserves, and the extraction and sale of natural gas liquids. Aquila's investment in properties is summarized below:

<TABLE>
<CAPTION>

DECEMBER 31,

DOLLARS IN MILLIONS	1993	1992	1991
<S>	<C>	<C>	<C>
PROPERTY AND INVESTMENTS:			
Gas and oil properties	\$337.2	\$313.7	\$294.4
Gathering, processing and other	419.8	351.5	319.8
	757.0	665.2	614.2
Less-depreciation, depletion and amortization	259.0	180.5	111.9
NET PROPERTY AND INVESTMENTS	\$498.0	\$484.7	\$502.3

</TABLE>

UTILCO GROUP. UtilCo Group is involved in the ownership and operation of facilities in the independent and wholesale power generation market. Non-Regulated Property, as reflected in the Consolidated Balance Sheet at December 31, 1993, includes \$110.9 million related to UtilCo Group's investments in partnerships and leveraged leases. UtilCo Group partnership investments are summarized below:

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	Ownership	INVESTMENT DECEMBER 31,			SHARE OF PRETAX EARNINGS		
		1993	1992	1991	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
UtilCo Group partnerships*	15% - 50%	\$100.2	\$102.2	\$76.3	\$14.6	\$14.4	\$7.1

<FN>

* INVESTMENT EXCEEDS UTILCO GROUP'S INTEREST IN THE UNDERLYING PARTNERSHIP NET ASSETS. ACQUISITION AND TRANSACTION COSTS INCLUDED IN THE INVESTMENT BALANCES ARE BEING AMORTIZED ON A STRAIGHT-LINE BASIS OVER THE REMAINING LIVES OF THE RELATED FACILITIES.

</TABLE>

Summarized combined financial information of unconsolidated partnership investees of UtilCo Group and unconsolidated foreign joint ventures is presented below:

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
ASSETS			
Current assets	\$ 141.9	\$ 89.5	\$ 69.0
Non-current assets	881.3	858.9	609.6
Total assets	\$1,023.2	\$948.4	\$678.6
LIABILITIES AND CAPITAL			
Current liabilities	\$ 118.4	\$264.7	\$ 51.3
Non-current liabilities*	738.0	563.8	542.9
Partnership capital	166.8	119.9	84.4
Total liabilities and capital	\$1,023.2	\$948.4	\$678.6

<FN>

* ALL NON-RECOURSE TO UTILICORP.

</TABLE>

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,

DOLLARS IN MILLIONS	1993	1992	1991
<S>	<C>	<C>	<C>
Operating results			
Revenues	\$521.3	\$238.3	\$207.1
Costs and expenses	473.5	199.2	182.9
Partnership income	\$ 47.8	\$ 39.1	\$ 24.2

</TABLE>

38

NOTE 4:

AQUILA STRATEGY REVISION

In October 1993, AGP completed an initial public offering and sale of 5.4 million shares of common stock, representing approximately 18% of the stock of AGP. Net proceeds of the \$15 per share offering were approximately \$74.6 million and were used to reduce short-term debt incurred for working capital purposes. This transaction resulted in a gain of \$47.8 million, recorded as non-operating income in the Consolidated Statement of Income. Consistent with U.S. tax laws, no income tax expense was recorded related to this transaction.

The gain was partially offset by a restructuring charge of \$69.8 million (\$45 million after tax) related to the completion of a revised business strategy at Aquila. The restructuring charge, after tax, includes an estimated \$27 million for disposition of certain unfavorably priced gas sales contracts, approximately \$14 million to provide an impairment reserve for certain offshore assets and investments determined to be inconsistent with Aquila's revised strategy, and \$4 million for other programs made necessary by the strategy revision.

NOTE 5:

SHORT-TERM DEBT

At December 31, 1993, \$70 million of short-term debt was outstanding, comprised of notes issued under bank lines. Such borrowings had a weighted average interest rate of 3.51%.

The company has commercial paper programs aggregating \$200 million. To support these programs and to provide for additional short-term borrowing capacity, the company has two revolving credit agreements (Agreements) with a consortium of banks aggregating \$400 million. The Agreements, which expire in December 1994 and December 1996, also allow the issuance of notes which bear interest at rates based on the prime rate or various money market rates. The Agreements contain certain restrictive covenants and the company pays an average annual commitment fee of .225% on the unused portion of the Agreements. As of December 31, 1993, there were no outstanding borrowings under these Agreements.

NOTE 6:

LONG-TERM DEBT

The amount of long-term debt maturing in each of the next five years, including sinking fund provisions, is as follows (in millions): 1994-\$1.8; 1995-\$139.2; 1996-\$14.5; 1997-\$22.4; and 1998-\$84.6.

In March 1993, the company issued \$125 million of 8.0% Senior Notes due in 2023. Net proceeds from this offering were \$123.3 million and were used to reduce short-term debt incurred for construction and acquisitions, and for general corporate purposes. In April 1993, the company issued \$70 million of 6.0% Senior Notes due in 1998. The company used the majority of the proceeds to fund a trust that assumed \$63.5 million of 9.875% General Mortgage Bonds. In October 1993, the General Mortgage Bonds were redeemed by the trust.

In 1993, the company purchased and retired approximately \$33.0 million of First Mortgage Bonds. These bonds were purchased at a premium and replaced with short-term debt.

39

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

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
FIRST MORTGAGE BONDS:			
Various, 8.49%*, due 1994-2008	\$ 36.1	\$ 70.6	\$180.6
MORTGAGE BONDS:			
Series 1, 9.875%, retired during 1993	-	63.5	75.0
SENIOR NOTES:			
9.30% Series, due December 1, 1995	125.0	125.0	125.0
6.0% Series, due October 15, 1998	70.0	-	-
9.21% Series, due October 11, 1999	50.0	50.0	50.0
Aquila Southwest Energy 8.29% Series, due September 15, 2002	100.0	100.0	-
8.2% Series, due January 15, 2007	130.0	130.0	-
10.5% Series, due December 1, 2020	125.0	125.0	125.0
9.0% Series, due November 15, 2021	150.0	150.0	150.0
8.0% Series, due March 1, 2023	125.0	-	-
SECURED DEBENTURES OF WEST KOOTENAY POWER:			
10.39%*, due 1994-2023	57.9	41.2	41.2
SUBORDINATED DEBENTURES:			
Various, 9.88%*, due 1994-2011	23.9	27.5	168.3
OTHER NOTES AND OBLIGATIONS	18.6	13.9	16.5
TOTAL LONG-TERM DEBT (INCLUDING CURRENT MATURITIES)	\$1,011.5	\$896.7	\$931.6

<FN>

* WEIGHTED AVERAGE INTEREST RATE.

</TABLE>

During 1993, West Kootenay Power issued 8.8% secured debentures having a face value of approximately \$18.8 million. The proceeds from this offering were used to reduce short-term debt, redeem preference stock and for other general purposes.

Substantially all of the domestic utility plant owned by the company is subject to the lien of various mortgage indentures. The company cannot issue additional mortgage bonds as long as any of its 9.0%, 8.2%, 8.0% or 6.0% senior notes are outstanding.

The company executed an Indenture in 1990 (Indenture), for the issuance of senior notes. Notes issued pursuant to the Indenture will be unsecured obligations of the company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the company. The Indenture does not limit the aggregate principal amount of senior notes which may be issued under it.

At December 31, 1993, 6.625% convertible subordinated debentures totaling \$14.3 million remained outstanding. The debentures can be converted into approximately 600,000 shares of common stock, based on a conversion price of \$23.68, subject to an annual maximum limitation. The debentures are subordinate to the prior payment, when due, of the principal and premium, if any, and interest on all the company's debt outstanding, except debt that by its terms is not senior in right of payment to the debentures.

NOTE 7:

CAPITAL STOCK

In 1992, the company's stockholders approved an amendment to the company's Certificate of Incorporation to increase the number of authorized shares of common stock from 50 million to 100 million shares. As of December 31, 1993, the company was not restricted as to payment of cash dividends.

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

In February 1993 and in April 1993, the company issued 4.8 million and .5 million shares of common stock, respectively. The combined net proceeds were \$144.7 million and were used to reduce short-term debt incurred for construction and an acquisition and for general corporate purposes.

At December 31, 1993, there were 4,428,990 shares reserved for issuance under a Dividend Reinvestment and Stock Purchase Plan, a Non-Employee Director Plan, and various employee benefit and other plans.

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

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

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

The Board approved the establishment of an Employee Stock Option Plan in 1991. This Plan provides for the granting of up to 1 million stock options to full-time employees other than those eligible to receive options under the Stock Incentive Plan. Stock options granted under the Employee Stock Option Plan carry the same provisions as those issued under the Stock Incentive Plan. During 1992, options for 742,900 shares were granted to company employees. The exercise price of these options is \$27.3125. No options were issued under this Plan in 1993.

Restricted stock awards and stock options become exercisable for the purchase or transfer of 249,983 shares in 1994; 31,169 in 1995 and 16,610 in 1996. Stock option and restricted stock awards are summarized below:

SHARES	1993	1992	1991
Beginning balance	1,193,437	345,284	239,528
Granted	239,091	983,404	232,238
Exercised	(128,564)	(112,575)	(123,087)
Cancelled	(19,131)	(22,676)	(3,395)
Ending balance	1,284,833	1,193,437	345,284
Option price	\$21.50	\$17.40	\$17.40
range at	to	to	to
December 31	\$28.69	\$28.69	\$21.88

MANDATORILY REDEEMABLE CONVERTIBLE PREFERENCE STOCK.

The Board is authorized to approve the issuance of up to 4.1 million shares of \$1.775 Series Convertible Preference Stock. The shares outstanding at December 31, 1993, are convertible into approximately 2.8 million shares of common stock, based on a conversion price of \$20.6569. In February 1994, the Board authorized the redemption of all outstanding shares of the \$1.775 stock on May 26, 1994 at a price of \$21.60 per share plus accrued dividends.

PREFERRED STOCK OF SUBSIDIARY. In December 1993, West Kootenay Power redeemed all outstanding shares of 7.9% Cumulative Redeemable Retractable Preferred Shares, Series 2 for \$21.55 per share, plus accrued dividends.

NOTE 8:

INCOME TAXES

Income tax expense consists of the following components:

<TABLE>

<CAPTION>

YEAR ENDED DECEMBER 31,			
DOLLARS IN MILLIONS	1993	1992	1991
CURRENTLY PAYABLE:			
<S>	<C>	<C>	<C>
Federal	\$22.6	\$ 9.7	\$16.2
Foreign	4.9	6.3	5.9
State	(2.2)	.8	.6
DEFERRED:			
Federal			
Accelerated depreciation	27.0	26.6	26.4
Alternative minimum tax	(23.2)	(15.0)	(12.5)
Restructuring charge	(23.7)	-	-
Intangible drilling costs	10.0	-	3.4
Purchased gas adjustment clauses	1.9	(1.4)	1.9
Federal tax rate increase	2.7	-	-
Leveraged lease income	-	-	(1.8)
Other	5.1	2.0	1.0
State	5.7	3.7	4.0
INVESTMENT TAX CREDIT AMORTIZATION	(1.3)	(1.1)	(1.5)
TOTAL INCOME TAX EXPENSE	\$29.5	\$31.6	\$43.6

</TABLE>

In the first quarter of 1993, the company adopted Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes." SFAS No. 109 requires that deferred tax liabilities be established for income tax benefits associated with temporary differences including those previously passed through to ratepayers. Since such deferred tax liabilities will be collected in rates from customers, a regulatory asset was established. The company's net SFAS No. 109 regulatory assets were approximately \$66 million at December 31, 1993.

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

The principal components of the company's deferred tax liability consist of the following:

<TABLE>

<CAPTION>

DECEMBER 31,	
DOLLARS IN MILLIONS	1993
<S>	<C>
Accelerated depreciation and other plant differences-	
Regulated	\$155.5
Non-regulated	128.4
Regulatory assets	25.8
Unamortized investment tax credits	(7.7)
Alternative minimum tax credit carryforward	(73.0)
Other-net	2.9
DEFERRED TAX LIABILITY	\$231.9

</TABLE>

The company has an alternative minimum tax credit carryforward of approximately \$73 million at December 31, 1993. Alternative minimum tax credits can be carried forward indefinitely. The company also has a tax

net operating loss carryforward of approximately \$50 million which can be utilized until 2007.

42

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

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
STATUTORY FEDERAL INCOME TAX RATE	35.0%	34.0%	34.0%
Tax effect of:			
Temporary differences passed through, primarily removal costs	(.8)	(1.0)	(.7)
Investment tax credit amortization	(1.1)	(1.2)	(1.2)
Gain on sale of subsidiary stock	(14.4)	-	-
State income taxes, net of federal benefit	2.4	3.4	2.6
Federal tax rate increase	2.3	-	-
Difference in tax rate of foreign subsidiaries	.8	1.9	1.0
Other	1.3	.3	.3
EFFECTIVE INCOME TAX RATE	25.5%	37.4%	36.0%

</TABLE>

NOTE 9:

EMPLOYEE BENEFITS

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

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Actuarial present value of benefit obligations:			
Vested benefit obligation	\$113.5	\$83.6	\$77.4
Accumulated benefit obligation	116.5	86.3	79.8
Projected benefit obligation	\$144.6	\$108.1	\$ 98.7
Plan assets at fair value (primarily publicly traded common stocks and bonds)*	168.3	134.6	132.4
Excess of plan assets over the projected benefit obligation	23.7	26.5	33.7
Unrecognized net (gain) loss from past experience different from that assumed	7.2	2.0	(4.6)
Unrecognized net asset being recognized over 16 years	(15.6)	(16.8)	(18.0)
Unrecognized prior service cost	.1	.6	(2.4)
Pension asset included in prepayments	\$ 15.4	\$ 12.3	\$ 8.7
Net pension expense included the following components:			
Service cost	\$ 5.3	\$ 4.5	\$ 3.4
Interest cost on projected benefit obligation	10.4	8.0	6.3
Actual return on plan assets	(16.9)	(6.6)	(17.7)
Regulatory adjustment	.3	-	-
Net amortization and deferral	2.2	(6.2)	8.6

Net pension expense (credit)	\$ 1.3	\$ (.3)	\$.6
Discount rate assumed	7.89%	8.21%	8.21%
Assumed rate of return on future compensation levels	5.0 - 5.5%	5.0 - 6.0%	5.0 - 6.0%
Assumed long-term rate of return on assets	8.5 - 9.0%	9.0%	9.0%

<FN>

* INCLUDES \$1.1 MILLION OF THE COMPANY'S CONVERTIBLE PREFERENCE STOCK AT DECEMBER 31, 1993.

</TABLE>

43

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

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

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

Effective January 1, 1993, the company adopted SFAS No. 106, "Employers' Accounting for Post-Retirement Benefits Other Than Pensions," for its U.S. operations, which requires accrual of post-retirement benefits during the years employees provide services. The company has elected to amortize the estimated unfunded accumulated obligation at January 1, 1993, approximately \$43 million, over 20 years. Additionally, during 1993 expense of approximately \$.6 million was recognized for the service cost of benefits accrued and \$3.4 million for interest accrued on the accumulated projected benefit obligation. Prior to 1993, the company expensed these benefits as they were paid. In 1991 and 1992 these costs were not significant.

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

<TABLE>
<CAPTION>

	DECEMBER 31,
DOLLARS IN MILLIONS	1993
<S>	<C>
Actuarial present value of post-retirement benefit obligations:	
Retirees	\$29.5
Other fully eligible participants	9.0
Other active participants	6.8
Unrecognized transition obligation	(41.0)
Unrecognized net loss	(1.8)
Accrued liability	\$ 2.5

</TABLE>

For measurement purposes, an annual health care cost growth rate of 14.0% was assumed for 1994, decreasing to 8.25% by 1997 and 6% thereafter. The rate of change in health care cost has a significant effect on the projected benefit obligation. Increasing the rate by 1% each year would have increased the present value of the accumulated projected benefit obligation by \$2.4 million and the aggregate of the service and interest cost components by \$.3 million in 1993. The accumulated post-retirement benefit obligation was discounted at a weighted average rate of 7.75%.

Pursuant to regulatory orders or precedents, certain regulated divisions of the company have deferred as a regulatory asset the incremental costs associated

NOTE 10:

COMMITMENTS AND CONTINGENCIES

COMMITMENTS. The company is engaged in utility construction programs that are expected to require estimated capital expenditures of \$770 million over the next five years. Estimated utility expenditures for 1994 and 1995 total \$139 and \$150 million, respectively.

In 1991, concurrent with the WestPlains acquisition, the company entered into an operating lease of an 8% interest in the Jeffrey Energy Center (JEC) for an initial term of 27 years. JEC consists of three coal-fired, 680-megawatt (MW) generating units which are operated by a third party. Lease and other operating expenses related to this interest are included in the Consolidated Statement of Income. The lease includes certain fixed price and fair market value purchase and renewal options. The company's Missouri Public Service (MPS) division also owns an 8% interest in JEC. The MPS interest is included in electric utility plant and its portion of operating expenses are also included in the Consolidated Statement of Income.

Future minimum lease payments under long-term non-cancelable leases, primarily related to the JEC interest, peaking turbines, coal cars, and office space, are (in millions): 1994-\$25.6; 1995-\$24.9; 1996-\$23.1; 1997-\$19.9; 1998-\$20.3; and thereafter-\$242.1. Annual rent expense for the years 1993, 1992 and 1991 was (in millions): \$25.7, \$24.7, and \$14.5 respectively.

The company has contractual commitments to purchase power for its electric operating divisions through 2017. For 1994 through 1998, these commitments are scheduled to provide 718; 699; 707; 702; and 677 MW, respectively. Aggregate minimum annual costs for these commitments are expected to approximate (in millions): \$51.2, \$54.4, \$56.2, \$54.4 and \$51.7 during the five years ending 1998. One of these contracts is scheduled to provide approximately 7% of the company's system requirements through 1998.

At December 31, 1993, Aquila had minimum fixed price sales obligations of 29.0, 15.2, 15.2, 15.2 and 15.2 BCF for deliveries in the year 1994 to 1998, respectively, at prices that range from \$1.73 to \$3.41 per MCF.

During 1993, the company finalized a joint venture agreement with the Waikato Electricity Authority in New Zealand for the purchase of a one-third interest in WEL Energy Group Ltd. (WEL). The company paid \$2.7 million at closing and has agreed to pay approximately \$21 million over time, as needed for specific investments, upon call of the WEL Board of Directors.

The company has agreements with financial institutions to sell, on a continuing basis, up to \$175 million of eligible accounts receivable on a limited recourse basis. At December 31, 1993, 1992, and 1991, the amounts of receivables sold under these agreements were \$139.1 million, \$150.0 million and \$140.0 million, respectively. Fees associated with these sales were approximately (in millions) \$5.4 in 1993, \$5.7 in 1992 and \$6.9 in 1991.

ENVIRONMENTAL. The company is subject to various environmental laws, including regulations governing air and water quality and the storage and disposal of hazardous or toxic wastes.

The company owns or previously operated 28 former manufactured gas plants (MGPs) which may, or may not, require some form of environmental remediation. The company has contacted appropriate federal and state agencies and is in the process of determining what, if any, specific cleanup activities may be needed at these sites.

In 1993, the company spent approximately \$100,000 investigating an MGP site, and in 1994 plans to spend about \$100,000 to remediate this site after which the state regulatory agency is expected to order no further remediation. Through 1993, the company spent \$1.1 million investigating another MGP site, and it estimates it will spend an additional \$2.3 million for its 30% share of remediation costs. The company estimates that at least \$5.4 million of costs will be incurred over the next several years at its remaining MGP sites. These amounts could change materially based upon further investigations and the actions of environmental agencies. Based on prior experience, available facts and existing law, the company has recorded an obligation for the minimum amount of environmental costs currently expected to be incurred.

The estimated environmental obligation and substantially all costs incurred to date have been recorded as a regulatory asset. The company has received favorable rate orders for recovery of its environmental cleanup costs in several of its jurisdictions. In other jurisdictions, favorable regulatory precedent exists for the recovery of these costs. The company is also pursuing recovery

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

AQUILA-UNUSUAL LOSS PROVISION. In 1992, the company recognized a \$17.7 million pretax charge against earnings (\$11.3 million after tax). This charge related to apparent improper payments by former employees of Aquila Energy Resources, a wholly-owned subsidiary of Aquila, during the course of transactions to acquire certain natural gas and oil properties.

The company has filed a lawsuit in U.S. District Court in Houston seeking recovery of damages and is also pursuing action to recover part of the loss through insurance coverage. Several of the defendants have filed counterclaims. The company believes that the counterclaims are without merit.

Two class action suits seeking unspecified damages were filed against the company by stockholders alleging violations of various securities laws following the charge related to apparent improper payments at Aquila Energy Resources. One of these cases was dismissed by the U.S. District Court in Houston, and the dismissal was affirmed by the appellate court. The other suit is now pending in the U.S. District Court in Kansas City. Management denies the allegations in the suit and is vigorously defending the action. Management does not believe the ultimate resolution of the suit will have a material adverse effect on the consolidated financial position or results of operations of the company.

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

NOTE 11:

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The estimated fair value of the company's financial instruments at December 31, 1993 and 1992 is shown below. Because a substantial portion of the company's operations are regulated, the company believes that any gains or losses related to the retirement of debt or redemption of preference stock would not have a material effect on the company's financial position or results of operations.

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	CARRYING AMOUNT		FAIR VALUE	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Long-term debt, including current maturities	\$1,011.5	\$896.7	\$1,127.9	\$977.9
Redeemable preference stock	58.5	60.7	88.7	80.0

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12:

SEGMENT INFORMATION

<TABLE>
<CAPTION>

DECEMBER 31,			
DOLLARS IN MILLIONS	1993	1992	1991
<S>	<C>	<C>	<C>
REVENUES:			
Electric operations-			
Domestic	\$ 459.5	\$ 426.6	\$ 303.8
Canadian	87.4	81.2	75.6
<hr/>			
Total electric operations	546.9	507.8	379.4
Gas operations	686.1	515.7	496.0
Energy related businesses	338.6	275.4	199.8
<hr/>			
TOTAL REVENUES	\$1,571.6	\$1,298.9	\$1,075.2
<hr/>			
DEPRECIATION, DEPLETION, AND AMORTIZATION:			
Electric operations	\$ 45.9	\$ 41.7	\$ 31.5
Gas operations	28.6	24.4	22.4
Energy related businesses	60.8	57.0	51.6
Other	10.7	8.0	5.5
<hr/>			
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION	\$146.0	\$131.1	\$111.0
<hr/>			
INCOME (LOSS) FROM OPERATIONS:			
Electric operations-			
Domestic	\$101.3	\$ 87.6	\$ 74.0
Canadian	18.1	21.8	22.6
<hr/>			
Total electric operations	119.4	109.4	96.6
Gas operations	65.7	41.6	42.2
Energy related businesses	(32.9)	18.0	57.2
<hr/>			
TOTAL INCOME FROM OPERATIONS	\$152.2	\$169.0	\$196.0
<hr/>			
IDENTIFIABLE ASSETS:			
Electric operations-			
Domestic	\$ 927.1	\$ 861.5	\$ 810.8
Canadian	234.9	193.7	215.2
<hr/>			
Total electric operations	1,162.0	1,055.2	1,026.0
Gas operations	716.9	579.3	530.1
Energy related businesses	604.2	662.0	643.1
Other*	367.4	256.3	188.1
<hr/>			
TOTAL ASSETS	\$2,850.5	\$2,552.8	\$2,387.3
<hr/>			
CAPITAL EXPENDITURES:			
Electric operations	\$ 87.4	\$ 98.1	\$ 65.6
Gas operations	53.1	51.7	68.4
Energy related businesses	94.5	48.9	148.7
Other*	28.8	14.8	21.1
<hr/>			
TOTAL CAPITAL EXPENDITURES	\$263.8	\$213.5	\$303.8

<FN>

* INCLUDES UTILCO GROUP AND OTHER CORPORATE ASSETS.

</TABLE>

SUPPLEMENTARY INFORMATION ON GAS AND OIL PRODUCING ACTIVITIES

The following supplementary information is presented in accordance with Statement of Financial Accounting Standards No. 69 and related SEC accounting rules. Gas and oil producing activities include the applicable operations of Aquila and non-regulated operations of a utility division.

<TABLE>

<CAPTION>

CAPITALIZED COSTS-PROVED PROPERTIES*	DECEMBER 31,		
	1993	1992	1991
DOLLARS IN MILLIONS			
<S>	<C>	<C>	<C>
Capitalized costs	\$347.1	\$314.8	\$298.2
Less-accumulated depreciation, depletion and amortization	179.8	141.0	90.6
NET CAPITALIZED COSTS	\$167.3	\$173.8	\$207.6

</TABLE>

<TABLE>

<CAPTION>

COSTS INCURRED-PROVED PROPERTIES*	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
DOLLARS IN MILLIONS			
<S>	<C>	<C>	<C>
Acquisition costs	\$ 2.2	\$ 4.9	\$74.5
Development costs	37.5	16.0	20.9
TOTAL	\$39.7	\$20.9	\$95.4

<FN>

* THE COMPANY HAD NO SIGNIFICANT UNPROVED PROPERTIES FOR THE YEARS PRESENTED. THE 1992 AND 1991 AMOUNTS HAVE BEEN RESTATED TO EXCLUDE GAS PROCESSING PLANTS.

</TABLE>

<TABLE>

<CAPTION>

Results of Operations	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
DOLLARS IN MILLIONS			
<S>	<C>	<C>	<C>
Revenues:			
Gas	\$58.0	\$42.9	\$48.6
Oil	20.2	29.3	37.9
TOTAL REVENUES	78.2	72.2	86.5
Expenses:			
Production costs	18.9	19.7	15.9
Depreciation, depletion and amortization	39.6	39.7	43.0
Unusual item-loss provision	-	10.7	-
TOTAL EXPENSES	58.5	70.1	58.9
Results before income taxes	19.7	2.1	27.6
Income taxes	6.9	.8	9.3
Results of Operations	\$12.8	\$ 1.3	\$18.3

</TABLE>

RESERVE QUANTITY INFORMATION (UNAUDITED). The following reserve quantity estimates (all located in the United States) as well as information regarding future production and cash flows were based primarily on reserve studies prepared by Netherland, Sewell and Associates, Inc. for 1993 and 1992 and on internal estimates made by the company for 1991. Such estimates are inherently imprecise and may be subject to revision.

48

<TABLE>
<CAPTION>

DECEMBER 31,	Natural Gas (BILLION CUBIC FEET)			Crude Oil and Condensate (THOUSAND BARRELS)		
	1993	1992	1991	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PROVED DEVELOPED AND UNDEVELOPED RESERVES:						
Beginning of year	142.5	208.8	99.5	5,851	8,016	6,656
Purchases of reserves in place	1.8	1.7	127.3	6	771	2,925
Revision of previous estimates	(15.9)	(43.2)	10.4	(1,325)	(1,539)	40
Production	(24.4)	(25.0)	(28.9)	(1,133)	(1,489)	(1,683)
Extensions	8.8	.2	.5	145	92	78
END OF YEAR	112.8	142.5	208.8	3,544	5,851	8,016
Proved developed reserves:						
Beginning of year	97.4	168.6	84.6	4,050	6,337	4,222
End of Year	73.3	97.4	168.6	3,058	4,050	6,337

</TABLE>

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS AND CHANGES THEREIN (UNAUDITED). Future pretax net cash flows have been estimated by applying prices and costs in effect at the end of the years indicated, except where contractual arrangements exist, to the estimated future production of proved reserves. Aquila has assigned approximately 64% of the company's future gas production through 2008 to certain of its long-term fixed price contracts through a contractual swap arrangement at prices ranging from \$2.83 to \$7.29 per MCF. Future income tax expenses were computed by applying statutory tax rates adjusted for permanent differences and tax credits to estimated net future pretax cash flows.

<TABLE>
<CAPTION>

STANDARDIZED MEASURE	DECEMBER 31,		
	1993	1992	1991
DOLLARS IN MILLIONS			
<S>	<C>	<C>	<C>
Future cash inflows	\$418.7	\$513.7	\$533.8
Future production costs	(112.5)	(122.8)	(130.7)
Future development costs	(38.0)	(49.4)	(11.9)
Future income tax expenses	(44.3)	(76.0)	(66.9)
Future net cash flows	223.9	265.5	324.3
10% annual discount	(75.6)	(88.8)	(106.1)
STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS	\$148.3	\$176.7	\$218.2

</TABLE>

<TABLE>
<CAPTION>

CHANGES IN STANDARDIZED MEASURE	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
DOLLARS IN MILLIONS			
<S>	<C>	<C>	<C>
Sales and transfers of gas and oil produced, net of production costs	\$ (59.3)	\$ (52.5)	\$ (70.6)
Net changes in prices and production costs related to future production	(1.0)	80.3	(61.0)
Development costs incurred during the period	27.1	14.7	21.9
Extensions	15.5	1.5	1.6
Changes in estimated future development costs	(5.8)	(34.4)	6.6
Revisions of previous quantity estimates	(32.7)	(73.9)	14.8
Purchases of reserves in place	2.5	8.6	111.3
Accretion of discount	22.6	26.9	22.1
Net change in income taxes	20.6	(.6)	(4.5)
Changes in production rates and other	(17.9)	(12.1)	(8.2)
NET INCREASE (DECREASE) IN DISCOUNTED FUTURE NET CASH FLOWS	(28.4)	(41.5)	34.0
BEGINNING OF YEAR	176.7	218.2	184.2
END OF YEAR	\$148.3	\$176.7	\$218.2

</TABLE>

NOTE 14:

QUARTERLY FINANCIAL DATA (UNAUDITED)

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

<TABLE>
<CAPTION>

IN MILLIONS EXCEPT PER SHARE	1993 QUARTERS				1992 QUARTERS			
	First	Second	Third	Fourth (a)	First	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$480.9	\$329.4	\$330.1	\$431.2	\$366.0	\$253.6	\$274.6	\$404.7
Income (loss) from operations	78.6	34.6	49.0	(10.0)	64.1	14.7	32.0	58.2
Net income (loss)	34.8	7.3	11.0	33.3	28.6	(6.2)	4.9	25.6
Earnings (loss) per common share:								
Primary (b)	\$.87	\$.13	\$.22	\$.76	\$.77	\$ (.23)	\$.10	\$.68
Fully diluted (c)	.83	.13	.22	.72	.73	(.23)	.10	.65
Cash dividend per common share	\$.40	\$.40	\$.40	\$.42	\$.40	\$ (.40)	\$.40	\$.40
Market price per common share:								
High	\$28.63	\$29.63	\$34.00	\$33.50	\$29.00	\$28.75	\$27.88	\$28.25
Low	27.13	27.75	28.88	30.13	26.25	22.13	23.63	26.75

<FN>

- (a) SEE NOTE 4 FOR DISCUSSION OF RESTRUCTURING CHARGE AND GAIN ON SALE OF SUBSIDIARY STOCK.
- (b) THE SUM OF THE QUARTERLY PRIMARY EARNINGS PER SHARE AMOUNTS DIFFERS FROM THAT REFLECTED IN THE CONSOLIDATED STATEMENT OF INCOME DUE TO THE WEIGHTING OF COMMON SHARES OUTSTANDING DURING EACH OF THE RESPECTIVE PERIODS.

(c) THE SUM OF THE QUARTERLY FULLY DILUTED EARNINGS PER SHARE AMOUNTS DIFFERS FROM THAT REFLECTED IN THE CONSOLIDATED STATEMENT OF INCOME BECAUSE THE COMPANY'S CONVERTIBLE SECURITIES WERE ANTI-DILUTIVE IN CERTAIN QUARTERLY CALCULATIONS.

</TABLE>

50

REPORT OF MANAGEMENT

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

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

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

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets and statements of capitalization of UtiliCorp United Inc. and subsidiaries at December 31, 1993 and 1992, and the related consolidated statements of income, common shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of UtiliCorp United Inc. and subsidiaries for the year ended December 31, 1991 were audited by other auditors whose report dated February 7, 1992 (except with respect to the change in accounting for gas and oil properties, as to which date is November 6, 1992), expressed an unqualified opinion on those statements and included an explanatory paragraph that described the retroactive change in accounting for gas and oil properties.

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 1993 and 1992 financial statements referred to above present fairly, in all material respects, the consolidated financial position of UtiliCorp United Inc. and subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Notes 8 and 9 to the consolidated financial statements, effective January 1, 1993 the company changed its methods of accounting for income taxes and post-retirement benefits other than pensions.

Arthur Andersen & Co.
Kansas City, Missouri

SELECTED FINANCIAL DATA

<TABLE>

<CAPTION>

DOLLARS IN MILLIONS EXCEPT PER SHARE	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
STATEMENT OF INCOME				
Revenues:				
Electric operations	\$ 546.9	\$ 507.8	\$ 379.4	\$303.7
Gas operations	686.1	515.7	496.0	503.9
Energy related businesses	338.6	275.4	199.8	75.9
Total revenues	1,571.6	1,298.9	1,075.2	883.5
Total expenses	1,419.4	1,129.9	879.2	748.9
Income from operations (a)	152.2	169.0	196.0	134.6
Total interest charges and other	36.3	84.5	74.8	59.5
Income before income taxes	115.9	84.5	121.2	75.1
Income taxes	29.5	31.6	43.6	24.7
Net income (b)	86.4	52.9	77.6	50.4
Preference and preferred dividends	6.9	6.9	7.8	7.9
EARNINGS AVAILABLE FOR COMMON SHARES	\$ 79.5	\$ 46.0	\$ 69.8	\$ 42.5
COMMON STOCK DATA				
Primary earnings per common share (b)	\$1.95	\$1.32	\$2.37	\$1.77
Return on average common equity (b)	9.84%	6.93%	13.32%	10.69%
Cash dividends paid per common share	\$ 1.62	\$ 1.60	\$ 1.54	\$01.46
Book value per common share	20.27	18.66	19.18	17.00
Market price of common stock at year end	31.75	27.63	28.50	20.38
IDENTIFIABLE ASSETS				
Electric	\$1,162.0	\$1,055.2	\$1,026.0	\$0,759.6
Gas	716.9	579.3	530.1	509.3
Energy related	604.2	662.0	643.1	377.4
Other	367.4	256.3	188.1	176.9
TOTAL ASSETS	\$2,850.5	\$2,552.8	\$2,387.3	\$1,823.2
Utility construction expenditures	\$140.5	\$149.8	\$134.0	\$118.9
Non-regulated investment expenditures (c)	123.3	63.7	169.8	244.5
CAPITALIZATION				
Common shareholders' equity	\$ 851.7	\$ 661.1	\$ 660.7	\$ 477.5
Preference and preferred stock	83.9	95.1	97.1	97.2
Long-term debt (d)	1,011.5	896.7	931.6	679.3
Short-term debt (e)	70.0	230.9	111.0	48.7
TOTAL CAPITALIZATION AND SHORT-TERM DEBT (d)	\$2,017.1	\$1,883.8	\$1,800.4	\$1,302.7
Capitalization ratios				
Common shareholders' equity	42.2%	35.1%	36.7%	36.7%
Preference and preferred stock	4.2	5.0	5.4	7.5
Long-term debt (d)	50.1	47.6	51.7	52.1
Short-term debt (e)	3.5	12.3	6.2	3.7
TOTAL	100.0%	100.0%	100.0%	100.0%

<FN>

- (a) AFTER RESTRUCTURING CHARGE OF \$69.8 MILLION IN 1993 AND UNUSUAL LOSS PROVISION OF \$17.7 MILLION IN 1992.
- (b) INCLUDES CUMULATIVE EFFECT ON PRIOR YEARS OF ACCOUNTING CHANGES OF (\$2.7), OR (\$.16) PER SHARE, IN 1987.
- (c) INVESTMENTS IN NON-REGULATED GENERATING ASSETS AND ENERGY RELATED PROPERTIES.
- (d) INCLUDES CURRENT MATURITIES.
- (e) DOES NOT REPRESENT PERMANENT CAPITAL. WILL BE FINANCED WITH DEBT AND EQUITY SECURITIES CONSIDERING FINANCIAL MARKET CONDITIONS.

52

SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS EXCEPT PER SHARE	1989	1988	1987	1986	1985	1984	1983
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF INCOME							
Revenues:							
Electric operations	\$285.9	\$275.8	\$227.2	\$192.6	\$185.8	\$178.2	\$172.3
Gas operations	446.1	397.0	367.7	403.2	57.4	56.1	60.0
Energy related businesses	40.4	13.1	4.5	2.4	-	-	-
Total revenues	772.4	685.9	599.4	598.2	243.2	234.3	232.3
Total expenses	658.3	587.7	517.0	530.2	180.3	173.1	175.2
Income from operations (a)	114.1	98.2	82.4	68.0	62.9	61.2	57.1
Total interest charges and other	49.0	38.2	29.8	28.6	13.3	14.0	15.8
Income before income taxes	65.1	60.0	52.6	39.4	49.6	47.2	41.3
Income taxes	21.0	20.0	19.4	9.7	22.7	21.4	17.0
Net income (b)	44.1	40.0	30.5	29.7	26.9	25.8	23.7
Preference and preferred dividends	5.7	2.5	3.1	4.0	4.4	4.3	4.4
EARNINGS AVAILABLE FOR COMMON SHARES	\$ 38.4	\$ 37.5	\$ 27.4	\$ 25.7	\$ 22.5	\$ 21.5	\$ 19.3
COMMON STOCK DATA							
Primary earnings per common share (b)	\$1.84	\$1.93	\$1.64	\$1.69	\$1.80	\$1.74	\$1.58
Return on average common equity (b)	11.62%	12.85%	11.85%	13.40%	16.24%	17.54%	17.78%
Cash dividends paid per common share	\$ 1.42	\$ 1.04	\$.93	\$.87	\$.77	\$.64	\$.59
Book value per common share	16.36	15.49	14.20	13.31	11.79	10.56	9.46
Market price of common stock at year end	22.00	18.88	14.14	19.28	13.10	11.05	9.42
IDENTIFIABLE ASSETS							
Electric	\$ 700.6	\$ 642.1	\$594.2	\$420.3	\$408.8	\$390.3	\$384.8
Gas	464.7	283.2	275.2	285.2	297.7	34.9	33.5
Energy related	179.4	88.6	31.4	33.4	-	-	-
Other	114.1	109.6	65.3	26.8	24.3	6.3	5.7
TOTAL ASSETS	\$1,458.8	\$1,123.5	\$966.1	\$765.7	\$730.8	\$431.5	\$424.0
Utility construction expenditures	\$98.3	\$78.7	\$56.7	\$47.0	\$31.7	\$24.2	\$27.6
Non-regulated investment expenditures (c)	78.7	73.2	21.4	12.9	-	-	-
CAPITALIZATION							
Common shareholders' equity	\$372.3	\$321.1	\$264.4	\$211.7	\$165.7	\$131.1	\$116.0
Preference and preferred stock	97.4	35.1	25.0	33.0	41.8	42.8	43.3
Long-term debt (d)	442.6	386.0	320.1	283.6	234.9	140.0	165.7
Short-term debt (e)	86.2	53.0	69.9	32.0	138.3	14.0	3.7
TOTAL CAPITALIZATION AND SHORT-TERM DEBT	\$998.5	\$795.2	\$679.4	\$560.3	\$580.7	\$327.9	\$328.7
Capitalization ratios							
Common shareholders' equity	37.3%	40.4%	38.9%	37.8%	28.5%	40.0%	35.3%
Preference and preferred stock	9.8	4.4	3.7	5.9	7.2	13.0	13.2

Long-term debt (d)	44.3	48.5	47.1	50.6	40.5	42.7	50.4
Short-term debt (e)	8.6	6.7	10.3	5.7	23.8	4.3	1.1
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<FN>

- (a) AFTER RESTRUCTURING CHARGE OF \$69.8 MILLION IN 1993 AND UNUSUAL LOSS PROVISION OF \$17.7 MILLION IN 1992.
- (b) INCLUDES CUMULATIVE EFFECT ON PRIOR YEARS OF ACCOUNTING CHANGES OF (\$2.7), OR (\$.16) PER SHARE, IN 1987.
- (c) INVESTMENTS IN NON-REGULATED GENERATING ASSETS AND ENERGY RELATED PROPERTIES.
- (d) INCLUDES CURRENT MATURITIES.
- (e) DOES NOT REPRESENT PERMANENT CAPITAL. WILL BE FINANCED WITH DEBT AND EQUITY SECURITIES CONSIDERING FINANCIAL MARKET CONDITIONS.

</TABLE>

53

ELECTRIC AND GAS STATISTICS

<TABLE>
<CAPTION>

DOLLARS IN MILLIONS	1993		1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
ELECTRIC OPERATIONS					
Revenues:					
Residential	\$236.8	43.3%	\$212.5	\$173.6	\$143.6
Commercial	156.2	28.6	148.3	102.0	79.2
Industrial	76.0	13.9	73.3	46.4	36.1
Other	77.9	14.2	73.7	57.4	44.8
TOTAL REVENUES	\$546.9	100.0%	\$507.8	\$379.4	\$303.7
MWH sales (000's):					
Residential	3,536	35.6%	3,176	2,735	2,379
Commercial	2,528	25.5	2,367	1,672	1,367
Industrial	1,921	19.4	1,800	1,197	1,022
Other	1,939	19.5	1,748	1,468	1,308
TOTAL SALES	9,924	100.0%	9,091	7,072	6,076
Communities served					
	369		364	364	209
Customers at year end:					
Residential	360,429	86.2%	354,086	346,434	226,223
Commercial	53,475	12.8	52,748	51,765	27,866
Industrial	302	.1	301	302	180
Other	3,678	.9	3,691	3,634	3,021
TOTAL CUSTOMERS	417,884	100.0%	410,826	402,135	257,290
Generation mix:					
Coal	69.3%		71.1%	67.9%	66.4%
Natural gas and oil	7.1		3.5	2.7	.4
Hydro	23.6		25.4	29.4	33.2
TOTAL	100.0%		100.0%	100.0%	100.0%
Generating capability (MW):					
Coal	864	48.8%	863	858	652
Natural gas and oil	700	39.6	716	723	295
Hydro	205	11.6	206	206	206

Total generating capability	1,769	100.0%	1,785	1,787	1,153
Firm purchased power	840		820	694	520

TOTAL SYSTEM CAPABILITY	2,609		2,605	2,481	1,673

GAS OPERATIONS					
Revenues:					
Residential	\$380.2	55.4%	\$276.0	\$257.6	\$261.1
Commercial	177.5	25.9	130.0	118.8	121.8
Industrial	89.8	13.1	76.4	90.9	90.5
Other	38.6	5.6	33.3	28.7	30.5

TOTAL REVENUES	\$686.1	100.0%	\$515.7	\$496.0	\$503.9

MCF sales (000's):					
Residential	74,421	51.3%	58,095	56,383	53,279
Commercial	40,232	27.7	32,239	30,861	29,950
Industrial	26,868	18.5	23,841	30,908	28,320
Other	3,672	2.5	2,683	1,928	1,875

Total Sales	145,193	100.0%	116,858	120,080	113,424
Gas transportation	115,877		112,831	108,044	105,222

TOTAL SALES AND TRANSPORTATION	261,070		229,689	228,124	218,646

Communities served					
	774		708	666	637

Customers at year end:					
Residential	661,930	89.4%	535,058	519,149	509,249
Commercial	73,365	9.9	60,054	58,299	57,360
Industrial	3,874	.5	3,622	3,666	3,636
Other	1,185	.2	582	539	569

TOTAL CUSTOMERS	740,354	100.0%	599,316	581,653	570,814

</TABLE>

54

ELECTRIC AND GAS STATISTICS

<TABLE>							
<CAPTION>							

DOLLARS IN MILLIONS	1989	1988	1987	1986	1985	1984	1983

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ELECTRIC OPERATIONS							
Revenues:							
Residential	\$131.0	\$129.2	\$111.0	\$ 92.0	\$ 87.2	\$ 85.4	\$084.1
Commercial	75.7	71.7	60.3	51.0	49.3	46.8	44.3
Industrial	35.1	34.5	28.5	27.1	26.7	24.4	22.4
Other	44.1	40.4	27.4	22.5	22.6	21.6	20.6

TOTAL REVENUES	\$285.9	\$275.8	\$227.2	\$192.6	\$185.8	\$178.2	\$171.4

MWH sales (000's):							
Residential	2,300	2,232	1,565	1,140	1,044	1,042	1,031
Commercial	1,333	1,279	1,034	743	699	671	639
Industrial	1,027	1,014	708	572	547	502	458
Other	1,189	1,211	666	412	412	431	449

TOTAL SALES	5,849	5,736	3,973	2,867	2,702	2,646	2,577

Communities served							
	209	209	209	122	122	122	122

Customers at year end:							
Residential	221,482	215,360	211,169	131,048	126,880	123,402	120,921
Commercial	27,536	26,690	25,778	15,882	15,364	14,897	14,779

Industrial	174	176	172	143	139	145	143
Other	2,976	3,850	2,902	2,389	2,293	2,269	2,177
TOTAL CUSTOMERS	252,168	246,076	240,021	149,462	144,676	140,713	138,020

Generation mix:							
Coal	63.2%	64.9%	85.4%	99.6%	99.9%	99.6%	99.5%
Natural gas and oil	.5	.5	.5	.4	.1	.4	.5
Hydro	36.3	34.6	14.1	-	-	-	-
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Generating capability (MW):							
Coal	652	629	622	622	620	616	618
Natural gas and oil	295	295	295	295	296	296	296
Hydro	206	206	206	-	-	-	-
Total generating capability	1,153	1,130	1,123	917	916	912	914
Firm purchased power	444	374	299	-	-	-	-
TOTAL SYSTEM CAPABILITY	1,597	1,504	1,422	917	916	912	914

GAS OPERATIONS							
Revenues:							
Residential	\$223.0	\$188.8	\$162.0	\$166.9	\$28.5	\$29.3	\$30.4
Commercial	110.5	95.8	80.8	87.5	13.2	12.4	12.7
Industrial	93.1	96.2	115.1	144.2	12.6	11.5	13.9
Other	19.5	16.2	9.8	4.6	3.1	2.9	3.0
TOTAL REVENUES	\$446.1	\$397.0	\$367.7	\$403.2	\$57.4	\$56.1	\$60.0

MCF SALES (000'S):							
Residential	48,128	39,517	35,223	34,083	6,070	5,942	5,177
Commercial	28,373	24,121	21,323	21,423	3,184	2,685	2,356
Industrial	32,219	35,386	46,371	46,115	3,588	2,948	2,945
Other	1,563	1,623	1,394	1,420	625	593	524
Total Sales	110,283	100,647	104,311	103,041	13,467	12,168	11,002
Gas transportation	84,783	66,138	35,836	13,800	-	-	-
TOTAL SALES AND TRANSPORTATION	195,066	166,785	140,147	116,841	13,467	12,168	11,002

Communities served	503	361	360	359	313	27	27

Customers at year end:							
Residential	476,296	360,413	346,516	338,006	317,073	53,659	53,284
Commercial	54,438	43,217	42,538	42,481	38,872	5,401	5,234
Industrial	3,621	3,159	3,082	3,234	3,260	120	128
Other	512	387	390	378	390	359	347
TOTAL CUSTOMERS	534,867	407,176	392,526	384,099	359,595	59,539	58,993

</TABLE>

CORPORATE INFORMATION

ANNUAL MEETING

The 1994 annual meeting of shareholders will be held at 10:00 a.m. on Wednesday, May 4 in Bartle Hall's Grand Hall, Kansas City Convention Center, 301 West 13th Street, Kansas City, Missouri. Parking will be provided in the Civic Center garage. A videotape will be available for shareholders unable to attend.

The company will again beam its annual meeting live via satellite to cities in several states with a large number of UtiliCorp shareholders—Colorado, Iowa, Kansas, Nebraska, Minnesota and Michigan. Invitations will be mailed in April to holders in those states.

STOCK LISTINGS

The common and preference shares of UtiliCorp United Inc. are listed on the New

York Stock Exchange. The common shares are also listed on the Pacific and Toronto stock exchanges. The company's trading symbol is UCU.

At the end of 1993, UtiliCorp had approximately 85,000 common shareholders with 42 million outstanding shares. There was also a total of about 3.9 million shares held in two series of preference stock.

The common shares of Aquila Gas Pipeline Corporation began trading on the New York Stock Exchange in October 1993. The trading symbol is AQP. As a result of this initial public offering of 5.4 million shares, approximately 18 percent of Aquila Gas Pipeline is held by the public. UtiliCorp's wholly-owned Aquila Energy subsidiary holds the remaining 82 percent.

DIVIDEND REINVESTMENT

Under UtiliCorp's Dividend Reinvestment and Stock Purchase Plan, direct shareholders can instruct the company to automatically buy more shares with their dividend proceeds. Shares are purchased under the program at 5% less than the market rate with no brokerage commissions.

Plan participants may also make cash purchases of shares, up to \$10,000 per quarter, at market price without commission and with no minimum purchase requirement.

DIRECT DEPOSIT SERVICE

In December 1993 UtiliCorp introduced direct deposit of dividends for its direct shareholders. If you choose this service, quarterly dividend payments are electronically credited to your checking or savings account. The dividend deposit occurs on the normal dividend payment date, providing immediate access to the funds deposited. Direct deposit eliminates the need to deposit dividend checks as well as the possibility of mail delays and lost or stolen dividend checks. There is no charge for this service.

SHAREHOLDER INQUIRIES

Questions about your account, including dividend payments, the Dividend Reinvestment and Stock Purchase Plan, direct deposit service or the transfer of shares, are handled by utility specialists at the company's transfer agent, First Chicago Trust Company of New York. They can be reached at a toll-free number for UtiliCorp shareholders: (800) UTILICO, or 884-5426.

Your calls also are always welcome at UtiliCorp. You may contact Shareholder Relations toll-free at (800) 487-6661, or at (816) 421-6600. However, calls regarding the transfer of shares or direct deposit service are normally referred to the transfer agent.

Address mail inquiries to Shareholder Relations, UtiliCorp United, P.O. Box 13287, Kansas City, MO 64199-3287. Mail regarding the transfer of shares should be addressed to the following:

TRANSFER AGENT. First Chicago Trust Company of New York, Stock Transfer Department, P.O. Box 2506, Jersey City, NJ 07303-2506. Documents may also be delivered to 14 Wall Street, Suite 4680, New York, NY 10005.

CO-TRANSFER AGENT. United Missouri Bank, N.A., 10th and Grand, 13th Floor, P.O. Box 410064, Kansas City, MO 64141; (816) 860-7786.

PUBLICATIONS

The following publications are available upon request:

FORM 10-K. The company's 1993 Annual Report to the Securities and Exchange Commission.

CORPORATE PROFILE. A fact book for the investment community containing division and subsidiary operating data, a profile of management, historical and projected financial data, and regulatory information.

ISSUES REPORTS. UtiliCorp's position statements on the following subjects: electric and magnetic fields; open access to electric transmission lines; national energy strategy; least-cost utility planning; gas industry deregulation; reform of the Public Utility Holding Company Act; utility mergers and acquisitions; utility privatization; and FERC Order 636.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Richard C. Green, Jr. (1982)*
CHAIRMAN OF THE BOARD; PRESIDENT AND CHIEF EXECUTIVE OFFICER

John R. Baker (1971)
VICE CHAIRMAN OF THE BOARD

Don R. Armacost (1983)
CHAIRMAN OF THE BOARD OF PETERSON MANUFACTURING COMPANY, GRANDVIEW, MISSOURI (A
MANUFACTURER OF AUTOMOTIVE LIGHTING EQUIPMENT)

Herman Cain (1992)
PRESIDENT AND CHIEF EXECUTIVE OFFICER OF GODFATHER'S PIZZA, INC., OMAHA,
NEBRASKA

Robert K. Green (1993)
MANAGING EXECUTIVE VICE PRESIDENT

Stanley O. Ikenberry, PH.D. (1993)
PRESIDENT OF THE UNIVERSITY OF ILLINOIS, URBANA, ILLINOIS

Robert F. Jackson, Jr. (1981)
PRESIDENT (RETIRED) OF CHARTERCORP OF KANSAS CITY, MISSOURI (A BANK HOLDING
COMPANY)

L. Patton Kline (1986)
VICE CHAIRMAN (RETIRED) OF MARSH & MCLENNAN, INCORPORATED, NEW YORK, NEW YORK
(AN INTERNATIONAL INSURANCE BROKERAGE COMPANY)

Avis Green Tucker (1973)
EDITOR AND PUBLISHER, THE DAILY STAR-JOURNAL, WARRENSBURG, MISSOURI
(A DAILY NEWSPAPER)

EXECUTIVE COMMITTEE

R. C. Green,+ Baker, Jackson

AUDIT COMMITTEE

Ikenberry,+ Armacost, Jackson

COMPENSATION COMMITTEE

Kline,+ Cain, Jackson

NOMINATING COMMITTEE

Kline,+ Cain, Ikenberry, Tucker

PENSION COMMITTEE

Tucker,+ Armacost, Baker, R.K. Green

* DATES INDICATE YEAR OF FIRST ELECTION TO THE BOARD OF DIRECTORS.
+ COMMITTEE CHAIRMAN.

SENIOR MANAGEMENT TEAM

UTILICORP UNITED

MANAGING COUNCIL

Richard C. Green, Jr.
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Robert K. Green
MANAGING EXECUTIVE VICE PRESIDENT

Joseph J. Colosimo
MANAGING SENIOR VICE PRESIDENT

Robert L. Howell
MANAGING SENIOR VICE PRESIDENT

CORPORATE VICE PRESIDENTS

James S. Brook

VICE PRESIDENT

Michael D. Bruhn

VICE PRESIDENT

B. C. Burgess

VICE PRESIDENT

Alan R. Caron

VICE PRESIDENT

Jon R. Empson

VICE PRESIDENT

Leo E. Morton

VICE PRESIDENT

Louis C. Rephlo

VICE PRESIDENT

Judith A. Samayoa

VICE PRESIDENT

Dale J. Wolf

VICE PRESIDENT AND CORPORATE
SECRETARY

BUSINESS UNITS

Donald G. Bacon
PRESIDENT, WEST KOOTENAY POWER

Peter J. Bryant
DEPUTY CHAIRMAN, UNITED GAS
COMPANY LTD.

Albert J. Budney, Jr.
PRESIDENT, MISSOURI PUBLIC SERVICE

Donald K. Claar
PRESIDENT, UTILCO GROUP

Charles K. Dempster
PRESIDENT, AQUILA ENERGY

George B. Kitchens
PRESIDENT, WEST VIRGINIA POWER

John E. Manczak
PRESIDENT, MICHIGAN GAS UTILITIES

James M. McClymond
PRESIDENT, PEOPLES NATURAL GAS

James G. Miller
PRESIDENT, WESTPLAINS ENERGY

William C. Salome III
PRESIDENT, KANSAS PUBLIC SERVICE

Craig F. Strehl
PRESIDENT, AQUILA GAS PIPELINE
CORPORATION

Kenneth P. Theisen
PRESIDENT, NORTHERN MINNESOTA
UTILITIES

APPENDIX TO ANNUAL REPORT

- - The "photo" on page 2 is an illustration of a bird in a forest.
- - The photo on page 6 is a picture of Richard C. Green, Jr. Chairman of the Board, President and Chief Executive Officer.

- - The first "graphic" on page 7 is a map of the company's regulated operations service territory. The company's electric-only service territory includes portions of southeast British Columbia; south-central Colorado; central Kansas; north-central and western Missouri; and southeast West Virginia. The company's gas-only service territory includes portions of central and eastern Colorado; northwest, southwest and northeast Kansas; eastern Nebraska; northern and southern Minnesota; Iowa; central Missouri; southern and southwest Michigan; and central West Virginia. The company's service territory for a combination of gas and electric service includes portions of central Colorado; southern Kansas; and central and western Missouri.

- - The second "graphic" on page 7 is a map of the company's non-regulated operations service territory. The company's Aquila Energy subsidiary markets natural gas throughout all of the 48 states in the contiguous United States with the exception of Oregon, Idaho and Vermont. It also markets gas in Ontario. Aquila has onshore natural gas and oil production in portions of northwest and central Oklahoma; western and central Texas; and south-central Louisiana. Aquila has offshore natural gas and oil production in the Gulf of Mexico off Texas and Louisiana. Aquila has pipelines in central Oklahoma; western, southern and eastern Texas; and in the Gulf of Mexico. Aquila also has two significant gas processing plants, one in Oklahoma and one in southeast Texas. The company's UtilCo Group subsidiary has an ownership interest in independent power projects at eleven different sites across the United States. The sites are shown on the graphic as follows: one in Washington, six in California, one in Florida, one in Pennsylvania, one in New York and two in Maine.

- - The third "graphic" on page 7 is a map of the company's United Gas Company Ltd. subsidiary's marketing area within the United Kingdom.

- - The fourth "graphic" on page 7 is a map of the company's WEL Energy Group Ltd. subsidiary's marketing area within a western portion of New Zealand's North Island.

- - The "graph" on page 11 is a chart showing the relative performance of the company's common stock during the course of the year in terms of market value versus the S&P Utilities, the S&P 500 and the DJ Utilities. The twelve month performance data shows the company's common stock up 14.9% for the year, the S&P Utilities up 8.9%, the S&P 500 up 7.1% and the DJ Utilities up 3.7%.

- - The "graphics" on page 16 is an illustration of a bird soaring above a forest.

- - The "graphics" on page 22 is an illustration of a bird perched on a man's shoulder.

- - The "graphics" on page 27 is an illustration of a bird soaring above a building.

- - The "graphics" on page 31 is an illustration of a bird in flight near a tree.

UtiliCorp United Inc.
Subsidiaries
1993 Annual Report on Form 10-K

Subsidiary -----	Jurisdiction of Incorporation -----
West Kootenay Power Ltd.	Province of British Columbia
UtilCo Group Inc.	Delaware
Aquila Energy Corporation	Delaware

<TABLE>
<CAPTION>

1993 UTILITY DATA - ELECTRIC OPERATIONS YEAR ENDED DECEMBER 31, 1993

<S> MISSOURI PUBLIC SERVICE <C>

Generating capability (MW):	
Coal-fired	658
Gas and oil-fired	286
Firm purchased power (MW):*	
Associated Electric (through 5/2001)	180
Union Electric (through 5/2001)	115
Total System Capability	1,239

Peak load (MW)	995
Load factor	45.4%
Cooling degree-days	1,221

Source of energy (MWH-000's):	
Coal	3,123
Gas and oil	39
Purchased power	933
Total	4,095

Average cost of energy (cents/KWH):	
Generated	1.33 CENTS
Purchased (including capacity)	3.04 CENTS
Total Average Cost of Energy	1.72 CENTS

WESTPLAINS ENERGY

Generating capability (MW):	
Coal-fired	206
Gas and oil-fired	414
Firm purchased power (MW):*	
Public Service Company of Colorado (through 7/2017)	100
Public Service Company of Colorado	

Total System Capability 795

Peak load (MW):

Kansas 409
 Colorado 219

Load factor:

Kansas 52.1%
 Colorado 67.2%

Cooling degree-days 1,985

Source of energy (MWH-000's):

Coal 1,362
 Gas and oil 424
 Purchased power 1,651

Total 3,437

Average cost of energy (cents/KWH):

Generated 1.73 CENTS
 Purchased (including capacity) 3.09 CENTS

Total Average Cost of Energy 2.39 CENTS

WEST KOOTENAY POWER

Generating capability (MW) - Hydro 205

Firm purchased power (MW):*

B.C. Hydro (through 9/2013) 160
 Cominco (through 9/2005) 120
 Cominco (through 12/99) 48

Total System Capability 533

Peak load (MW) 641

Load factor 54.0%

Heating degree-days 3,599

Source of energy (MWH-000's):

Hydro 1,530
 Purchased power 1,490

Total 3,020

Average cost of energy (cents/KWH):

Generated	.81 CENTS
Purchased (including capacity)	2.06 CENTS

Total Average Cost of Energy	1.43 CENTS

WEST VIRGINIA POWER	

Firm purchased power (MW):*	
Appalachian Power (through 9/97)	42
Peak load (MW)	81
Load factor	54.1%
Heating degree-days	5,342

Source of Energy (MWH-000's)	
Purchased power	395
Average cost of energy purchased (including capacity) (cents/KWH)	3.62 CENTS

</TABLE>

ELECTRIC TARIFF SALES VOLUMES

<TABLE>

<CAPTION>

	Residential	Commercial	Industrial	Other
<S>	<C>	<C>	<C>	<C>
Missouri Public Service	41%	28%	15%	16%
WestPlains Energy	27	31	27	15
West Kootenay Power	35	15	18	32
West Virginia Power	55	31	9	5

<FN>

*Purchased power contract commitments in future years may vary from the December 31, 1993 amount.

</TABLE>

<TABLE>

<CAPTION>

1993 UTILITY DATA - GAS OPERATIONS YEAR ENDED DECEMBER 31, 1993

<S> <C>MISSOURI PUBLIC SERVICE
-----Average cost of purchased gas (\$/MCF) \$2.74

Supply mix:

Contract 36.3%
Spot 63.7%

Major supplier:

Aquila Energy
Williams Natural Gas
Panhandle Trading Co.

Peak day sendout (MCF) 65,876

Heating degree-days 5,864

Gas storage capacity (BCF):

Leased 1.6
-----PEOPLES NATURAL GAS
-----Average cost of purchased gas (\$/MCF) \$3.13

Supply mix:

Contract 20.4%
Spot 79.6%
-----Major Supplier: Northern Natural Gas

Peak day sendout (MCF) 860,241

Heating degree-days 7,331

Gas storage capacity (BCF):

Leased 5.7
-----MICHIGAN GAS UTILITIES

Average cost of purchased gas (\$/MCF) \$2.85

Supply mix:

Contract 10.7%
Spot 89.3%

Major suppliers:

ANR Pipeline
Michigan Consolidated Gas Company
Panhandle Eastern Pipeline
Trunkline Gas Company
Consumers Power

Peak day sendout (MCF) 239,996

Heating degree-days 6,894

Gas storage capacity (BCF):

Owned 3.3
Leased 4.6

Total Storage Capacity 7.9

WEST VIRGINIA POWER

Average cost of purchased gas (\$/MCF) \$2.76

Supply mix:

Contract 79.7%
Spot 20.3%

Major suppliers:

West Virginia Independent Producers
Cabot Oil and Gas Marketing

Peak day sendout 32,000

Heating degree-days 5,342

NORTHERN MINNESOTA UTILITIES

Average cost of purchased gas (\$/MCF) \$3.20

Supply mix:

Contract 78.9%
Spot 21.1%

Major suppliers:

Western Gas Marketing
Centra Gas Pipelines

Viking Gas Transmission
Northern Natural Gas

Peak day sendout 77,000
Heating degree-days 9,869

Gas storage capacity (BCF)
Leased .9

KANSAS PUBLIC SERVICE

Average cost of purchased gas (\$/MCF) \$2.70

Supply mix:
Contract 82.0%
Spot 18.0%

Major Suppliers:

Williams Natural Gas
Williams Gas Marketing
Aquila Energy

Peak day sendout (MCF) 26,533
Heating degree-days 5,390

Gas storage capacity (BCF)
Leased .7

GAS TARIFF SALES VOLUMES

</TABLE>

<TABLE>

<CAPTION>

	Residential	Commercial	Industrial	Other
<S>	<C>	<C>	<C>	<C>
Missouri Public Service	64%	24%	6%	6%
Peoples Natural Gas	53	30	15	2
Michigan Gas Utilities	59	25	16	-
Northern Minnesota Utilities	20	21	59	-
West Virginia Power	43	15	2	40
Kansas Public Service	65	35	-	-

</TABLE>

UTILCO GROUP GENERATING PROJECTS

Project	Type of Investment	Percent Owned	Capacity(a) (Megawatts)	Fuel	Date in Service
<S> Mega Renewables G.P. (California - 4 projects)	<C> General partnership	<C> 49.75%	<C> 12.2	<C> Hydro	<C> Spring 1987(b)
Topsham Hydro Partners (Maine)	Leveraged lease	50%	13.9	Hydro	October 1987
Stockton CoGen Company (California)	General partnership	50%	49.9	Coal	March 1988(c)
Westwood Energy Properties L.P. (Pennsylvania)	Limited partnership	38%	29.25	Waste coal	July 1988
BAF Energy L.P. (California)	Limited partnership	23.1%	111	Natural Gas	May 1989
Rumford Cogeneration Company L.P. (Maine)	Limited partnership	24.3%	75	Coal and waste wood	May 1990
Koma Kulshan Associates (Washington)	Limited partnership	49.75%	13.7	Hydro	October 1990
Badger Power Associates (California)	Limited partnership	49.75%	46.6	Natural gas	April 1991
McKittrick Power Associates (California)	Limited partnership	49.75%	45.4	Natural gas	October 1991
Live Oak Limited (California)	Limited partnership	50%	45.8	Natural gas	April 1992
Lockport Energy Associates, L.P. (New York)	Limited partnership	15.13%	168.8	Natural gas	December 1992
Orlando Cogen Limited, L.P. (Florida)	Limited partnership	50%	120	Natural gas	September 1993

<FN>

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

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

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

</TABLE>